

Channel link could bring 100,000 jobs

British Steel and its six partners in a consortium advocating the building of a road and rail tunnel across the Channel are considering issuing American-style bonds to finance the £3,800m project if it goes ahead. The consortium says the project would create about 100,000 jobs during the five years of construction.

China announces sound progress

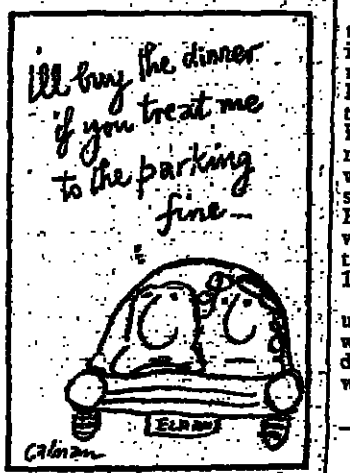
Mr Zhao Ziyang, the Chinese Prime Minister, told the national Congress in Peking that China was now on the road to sound economic progress thanks to the newly introduced policies. But the leadership would take several years to complete.

'Mole' hunt ruled out

The Security Commission under Lord Diplock will shortly present to Mrs Margaret Thatcher a report urging that she keep Sir Winston Churchill's system of positive vetting of civil servants in sensitive posts. It will argue strongly against another Whitehall "mole" hunt.

£10 parking fine is coming

The fixed penalty parking fine will go up from £6 to £10 next spring throughout England and Wales and fixed fines will be extended to other kinds of motoring offences.



New frontrunner for Labour post

Mr James Morrice, former head of Acas, emerged as the frontrunner for the post of general secretary of the Labour Party. He made a late application and is expected to win the backing of Mr Michael Foot.

State industries face inquiries

Each nationalised industry will be the subject of at least one big investigation by the Monopolies and Mergers Commission every four years. Mr Nicholas Ridley, Financial Secretary to the Treasury, told the Commons.

Labour threat to church schools

Plans to abolish the powers of church schools to set the curriculum, appoint staff and regulate pupil intake are published by the Socialist Education Service. Mrs Caroline Benn, if accepted as Labour Party policy, it could signal the demise of denominational schools.

Frank Field taken ill

Mr Frank Field, aged 39, Labour MP for Birkenhead, was taken to St Thomas's Hospital, London, last night after becoming ill in his office at Dean's Yard, Westminster. He complained of severe chest pains but was later discharged.

Val Gielgud dies

Mr Val Gielgud, former head of BBC radio drama and brother of Sir John Gielgud, has died aged 81. He worked in radio drama from 1929 until his retirement in 1963.

Table with 2 columns: Page, Content. Rows include: Leader page, 11; Letters: On university cuts, from Dr D. O'Brien, and others: overcrowded prisons, from Lord Hunt; spy stories, from Sir Stuart Hampshire; Leading articles: Prisons; University tenure; Features, pages 9, 10; Syrian killers with a Kilburn bank account; Labour's attitude to Europe, by Eric Heffer, MP; Helping the British; Des Wilson writes on Britain's housing crisis; Obituary, page 12; Mr Val Gielgud, Dr Richard Hunter; Home News 2-4; Overseas 5-8; Arts 12; Bridge 13; Business 14-18; Church 19; Court 20; Crossword 21; Diary 22; Events 24.

BL gamble to end tea break strike fails

From Clifford Webb, Midlands Industrial Correspondent

BL's gamble to end the three-week-old strike at its car plant at Longbridge, Birmingham, failed yesterday. Only a few hundred of the 2,200 on strike defied their unions and returned to work. No cars were produced during the day and many workers left to rejoin the strike. By early evening official pickets had blocked all the factory gates and jubilation at the management's intervention had only intensified the dispute. No deliveries of components would be allowed and no finished cars would leave the plant. The management had announced that the plant would be open for business as usual and was confident that sufficient dissatisfied strikers would arrive to allow production to resume. But it had misread the mood of its workers, and the attempt to bypass their unions rebounded when another 1,000 joined the strike. They were among the 6,000 other workers recalled for what the management hoped would be a big revolt against the continuation of the dispute that has cost BL 18,000 cars worth more than £65m. A delighted Mr Jack Adams, the Longbridge convenor, insisted that by recalling the men laid off, the management had broken the back of the strike. The men laid off had not had a chance to hold meetings and express their views, he said. They went home early in the dispute. But they got their chance today when management recalled them and, as a result, about 1,000 voted to join the strike. He said the company had urged its employees to vote with their feet by reporting for duty. Well, they have voted with their feet. The works committee, he said, had deliberately withheld advice from the morning shift so that no one could say that they had tried to coerce their members into staying away. There was no coercion. The works committee had sent out copies of a letter from the works committee. The letter urged those workers who were not prepared to accept the cut in relaxation time from 52 to 49 minutes a day to hold meetings in the plant at once and vote to join the strike. None of the three final assembly tracks was able to remain open yesterday. A few finished cars were sent off for sale, but they were only cars on which some reconditioning work had been completed. During a day of claims and counter-claims, it was at first reported that one Metro assembly track had reopened. But it was confirmed later by the company that that was only a trim track operating at a slow speed and manned by only 50 workers. BL said that 700 strikers from all parts of Longbridge had reported for work at 8 am, but about 300 left later on. Vauxhall Motors have rejected a union peace plan aimed at ending a strike by 400 foremen at the company's plant at Ellesmere Port, Cheshire. Leaders of the Association of Scientific, Technical, and Managerial Staffs suggested a rota lay-off scheme that would save the company the cash equivalent of the 15 jobs which are to go as part of a staff reduction. But the company said yesterday that this was not considered a workable alternative. It was said to be impracticable because it was intended that the plant at Ellesmere Port, which has been on short time, should return to full-time working as quickly as possible.

Soviet shortages spur attack on West

From Michael Binyon, Moscow, Nov 30

The state-controlled media did not present Soviet policies in a well-argued way, and were full of formalism and "empty verbiage". Pravda said almost nothing had been done to put into effect the decision of the party congress in February to campaign against party ideologists for complacency and ineffectiveness and said they should not be afraid to criticize shortcomings. The country's economies use this as evidence. The main weapon in politics and propaganda is the truth. Pravda said. It added that in the tense international situation the West, especially the United States, was waging a fierce struggle against the Soviet Union and was trying to blacken the achievements of "real socialism". It was carrying out subversive activities against Poland, Cuba, Vietnam, Cambodia and Laos, and was trying to shake the socialist community, which it regarded as the main obstacle stopping it recovering its lost positions in the world. All this demanded a tough response. The Soviet Union had to fight more aggressively against its class enemies, and defeat any notion of pacifism at home. It had also to step up its counter-propaganda at home abroad. The class enemy, using all means, is trying to impose on part of the population his own view of a bourgeois society, and to create domestic and international life. Pravda said, clearly referring to Soviet anger at the large number of people still listening to foreign radio commentators on Poland and the sluggish Soviet economy.

Reselected Cunningham resigns

By Anthony Bevins, Political Correspondent

Mr George Cunningham, one of Labour's most respected middle-ranking front bench spokesmen, yesterday resigned from the Labour Party in protest against growing intolerance and extremism. He told a Commons press conference: "Throughout the country, ordinary, decent members of the party are dropping out. Yet there is no sign that the party is going to rid itself of the deadly combination of Tony Benn's messianic fervour at the top and intolerant conspiracy at the base." Mr Cunningham, aged 50, was one of the prime architects of the 40 per cent referendum on the Labour Government's proposals for Scottish devolution in March 1979. The Labour Government fell two months later. He said yesterday: "As of now, cease to be a member of the Labour Party and become an Independent Labour Member of Parliament." Although he heaped high praise on the Social Democrats for giving voters a chance to



Mr Paul Nitze (left), the American negotiator, being welcomed by his Soviet counterpart, Mr Yuli Kvitsinsky, at the Russian mission in Geneva yesterday for the start of the arms control talks (Secret meetings, page 6).

Engineering workers accept 5%

By David Felton, Labour Reporter

The chances of success for the Government's pay restraint policy improved yesterday when leaders of the second largest union accepted a 5.06 per cent offer, covering the pay for almost two million manual workers in engineering. The employers had made clear that it was their final offer, and ministers will feel that yesterday's decision by the Amalgamated Union of Engineering Workers indicates a new sense of realism. Although other storm clouds are gathering on the industrial scene, about 20,000 civil servants are due to start an overtime ban in benefit offices today in protest at what their union regards as inadequate staffing levels, and tanker drivers and oil depot workers are voting on shop stewards' strike calls. Yesterday's meeting of the AUEW national committee, the rank and file policy-making body, voted 55-34 to reject pressure for a bigger increase, backed by a national overtime ban. The committee also voted 57-32 to accept the right-wing executive's unanimous recommendation to approve the offer. Mr Terence Duffy, AUEW president, said after the meeting: "This was not a major battle. That will take place next year when we hope to secure a further reduction in working time. The deal raises the national minimum weekly pay for a skilled worker from £79 to £83, and the unskilled rate from £58.80 to £59.70. The overtime ban in benefit offices was called by the Civil and Public Services Association and the Transport and General Workers' Union for one-day random strikes, while Esso workers are deciding whether to go for an all-out stoppage. The British Steel Corporation yesterday agreed a pay agreement with the national joint council, representing 35,000 manual and staff grades, the transport workers and the General Workers' Union. The agreement will allow for next year's pay increases to be negotiated at plant level in return for productivity deals; listening to foreign radio commentators on Poland and the sluggish Soviet economy.

SDP calls for more political air-time

By Julian Haviland, Political Editor

The established political parties and the broadcasting authorities moved quickly last night to smother complaints by the Social Democrats of a "curfew" of political broadcasting time which would deny the new party access to television or radio before the next general election. The Committee on Party Political Broadcasting, attended by the chief whips of five major political parties and the directors-general of the BBC and IBA, agreed at a 40-minute meeting at the Commons to invite the SDP to discuss the allocation of broadcasting time at a further meeting in the next three weeks. The debate was made after Dr David Owen, the SDP's parliamentary leader, tried in vain to secure an emergency Commons debate on a matter which he said "went to the roots of parliamentary democracy". Although the SDP has been offered talks, it was clear last night that it will have a fight to secure anything like the share of time that it would regard as fair, either for party political broadcasts during 1982 or for election broadcasts and coverage in television news bulletins, which it regards as even more vital during the next election campaign. Dr Owen, after his request for a debate was refused by the Speaker, called a press conference to complain of the existing arrangements, by which broadcasting time offered by the BBC and IBA is divided on the basis of recent election results. The formula, which has been adjusted at different times, at present allows parties with at least 20 MPs to have 15 minutes of television for every two million votes. It takes no account of by-election success, and in the SDP's view it does not allow for what Dr Owen called the present unique situation. "You now have the third largest party since 1935 sitting in the House of Commons," he said. There was abundant evidence from by-elections and local elections that the SDP was a major political force in its own right, and even more powerful in alliance with the Liberals. Dr Owen said that the broadcasters had a duty under the BBC's charter and under statute to see that broadcasting was fair. They also had a duty to the country as a whole. Unless the SDP could break "the two old-party stranglehold" on party political broadcasting between elections, it might find during the election campaign that it was restricted to the one broadcast that is allowed by convention to any party putting up 50 or more candidates. In the end, the committee agreed readily enough to let the SDP's whip, Mr John Roper, put his case later. The Labour Party's representatives, headed by Mr Michael Cocks, the Opposition chief whip, were said to have been unwilling to give any ground. Others argued that, unless the new party was allowed to have their say, they would be able to make quite an effective fuss. The Liberal contingent, led by Mr David Steel, pressed the rights of its alliance partners to be heard. Conservative and Labour representatives also said afterwards, with grim humour, that no doubt the Liberal Party—who last year were accorded 20 minutes of television time compared with 60 minutes each for Labour and the Conservatives—would be happy to allow their allies in the SDP half of their allocation. Liberal refusal, page 2

Fares ruling may aid Heseltine

By Our Political Correspondent

The House of Lords judgment on the Greater London Council's decision to increase fares, whichever way it goes, could resolve the Government's difficulties over short-term rates legislation. Ministers have decided that the Lords' judgment, expected this week, could be used to get them off the political hook created by Conservative backbench opposition to the referendum provision of the Local Government Bill. They argue that transport costs are by far the biggest cause of council overspending, and government action therefore hinges on the Lords ruling in the GLC appeal. Such a solution, enables Mr Michael Heseltine, Secretary of State for the Environment, to use the Lords as a face-saver, knowing full well that his own GLC would never accept his present plan to force ratepayers on councils wishing to levy supplementary rates. Ministers say that no large-scale legislation will be required if the Lords reject the GLC appeal to finance a fare cut of a quarter by levying a £123m supplementary rate. It would be argued that the law might need to be clarified and extended for the benefit of other councils, and that the GLC might need indemnification for its technical offence. On the other hand, if the Lords reject the Denning judgment, given in the Court of Appeal on November 10, Mr Heseltine could accept the inevitable pressure to clarify a confused legal situation. Either way, Mr Heseltine could use the Lords judgment as a pretext for firm action, and either way he could save his original Bill by substituting the necessary amendments for the referendum clauses. Lords hearing, page 4

Closure threat to British Museum

By Christopher Warman, Arts Correspondent

If the Government does not increase its funding of the British Museum, the museum will have to close in two years, Dr David Wilson, its director, warned a House of Commons select committee last night. Directors of other national museums and galleries also emphasized that they would suffer very severely if the Government did not increase its contributions. Asked by Mr Christopher Price, MP, chairman of the committee on education, science and the arts, if any permanent damage would be caused by government funding staying at its present level for the next three years, Dr Wilson said: "We would have to close the museum. It would not be possible to keep open after two years."

He added: "We really have not got any spare cash and we would therefore have to reduce staff. If there were no more money it would mean a real cut of 20 per cent in the next two years." Sir Michael Levey, director of the National Gallery, said that without increased funds the gallery would have to close. He stressed that the most of the government grant went on salaries, and said that a very large part of the museum's work had to be done in the third year. Most of the purchases normally made would also have to be foregone. For the Tate Gallery, Professor Alan Bowness, the director, backed up his colleagues, while Dr Roy Strong, director of the Victoria and Albert Museum, said that the cuts caught in the "death grip" of the Civil Service. They had already suffered in the past and three years without extra money would be quite catastrophic. Dr Wilson said that museums were very much underfunded and yet they earned for the public very large amounts of money from tourists. The committee suggested that private funding could help to fill the gap in the provision of funds which the Government might be unable to do because of the economic climate. Dr Wilson said it was impossible to get private funds for the less glamorous side of running museums and galleries, such as staffing. All the directors said that private funding only provided up to about 3 per cent of the total costs. Sir Michael Levey said that private funding even on the most generous scale could never be a substitute for full State support of the National Gallery. "That there will always be scope for private aid—or a shortfall in the extent of government support—is highly likely. But paradoxically, the strength of government commitment to the National Gallery offers the best basis for drawing support also from the private sector."

ILSO

Diary

At the Fairfield Halls, Croydon: Saturday 5 December 8.00 WAGNER: Overture 'Die Meistersinger' BRUCH: Violin Concerto No. 1 in G minor SCHUBERT: Symphony No. 9 'Great' Michael Davis, Violin Arpad Joo, Conductor £5.00 £4.50 £4.00 £3.50 £2.50 Tickets from Box Office (01) 688 9281 and usual agents. At the Royal Festival Hall: Monday 7 December 8.00 RAVEL: Daphnis et Chloe—complete ballet STRAVINSKY: The Rite of Spring London Symphony Chorus Eduardo Mata, Conductor £7.00 £6.00 £5.00 £4.40 £3.70 £3.00 £2.00 Sponsored by Bank of America Tuesday 15 December 8.00 CHAVES: Sinfonia India SIBELIUS: Violin Concerto in D minor IVORAK: Symphony No. 9 'From the New World' Ida Haendel, Violin Eduardo Mata, Conductor £7.00 £6.00 £5.00 £4.40 £3.70 £3.00 £2.00 Tickets from Box Office (01) 928 3131 and usual agents. At the Royal Albert Hall: Friday 1 January 7.30 NEW YEAR'S DAY CONCERT Music by the Strauss family led from the violin by John Goossens Seats prices: £5.50 to £1.00 Tickets from Box Office (01) 589 8212 and usual agents. Sponsored by Lens Mose/Lauren Ltd.

Duke was pilot in near miss

Buckingham Palace confirmed last night that the Duke of Edinburgh was at the controls of an Andover at the Queen's Flight when it was involved in a near miss with a jumbo jet carrying 200 passengers to Miami. The accident happened after a British Airways Boeing 747 had taken off from Heathrow airport on Friday and was climbing at 300 mph, according to reports. The pilot took evasive action after seeing an "unidentified" object fly across his field of vision. An inquiry is to be held as to why the near-miss happened. The Duke will be required to submit a report.

Mogadon, the sleeping drug, has been found in quantities dangerous to children among more than 1,000 bottles of drugs washed up on the banks of the Thames between Walton-on-Thames and Hampton Court, Surrey, during the past four days.

A proposal for a complete boycott of contacts between the TUC and the Government, which was coolly received when it was first put to the general council last week, is expected to resurface with more vigour today.

million.

Flight Lieutenant Michael Sims, aged 40, pilot of one of the Whirlwinds, said: "The old plane has given us magnificent service for more than 25 years."

33: Madeira Esc 75; Malia Soc;
Morro Dir 7; Norway Kr 6.50; Oman
6.700; Pakistan Rps 12; Portugal
75; Qatar QR 7.50; Saudi Arabia
3.25; Singapore S\$ 5; Spain Ptas
3; Sweden Skr 7.00; Switzerland S
3.00; Syria L.S. 50; Tunisia Din
0; USA \$1.50; UAE Dir 7.00;
Yugoslavia Din 50.

Group assets at December 1980 totalled more than £19,000 million.

being replaced by the more modern Wessex.

Flight Lieutenant Michael Sims, aged 40, pilot of one of the Whirlwinds, said: "The old plane has given us magnificent service for many years."

Coloured Gl 3; Iran IR 158; Iraq LD
500; Irish Republic 509; Italy I
600; Jordan LD 0.428; Kuwait KD
480; Lebanon L 1.400; Liechtenstein
738; Madras Ec 78; Malia 509;
Morocco DR 7; Norway K 6.50; Oman
K 6.700; Pakistan Kps 12; Portugal
Ec 75; Qatar QR 7.50; Saudi Arabia
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NEWS IN SUMMARY

Car 'race' ended in death

Mr Donald Ranger, Managing director of the Heron Motor Corporation, was killed when he lost control of his Porsche turbo car and crashed after "racing" with another sports car at speeds of up to 120 mph. A court was told yesterday.

The driver of the other car, a Corvette Stingray, was Ricardo Tommaso, a film producer. Mr Tommaso, aged 38, of Mulberry Trees, Shepperton, Middlesex, denied causing Mr Ranger's death by reckless driving.

Mr Barnaby Waylen, for the prosecution, said at Kingston Crown Court that the crash happened at night as the two cars sped out of London on the A316 at Henworth, Middlesex.

Mr Tommaso was alleged to have told an off-duty policeman: "We were doing 120 mph and it was getting bloody silly, so I hung back. Then this happened."

Mr Ranger, aged 49 of The Avenue, Sunbury, Middlesex, was thrown onto the opposite carriageway. He died next day.

The case continues today.

£39,906 awarded for wrist injury

A husband who cannot sleep with his wife because of a wrist injury was awarded £39,906 damages in the High Court in London yesterday.

Mr Justice Goff said a former carpenter's labourer, Mr John Blewett, of Dartford, Kent, was afraid his wife would lie on his injured wrist when she turned over in her sleep. He was now capable only of light clerical work.

Mr Blewett was awarded the damages with costs, against his former employers, the Greater London Council, who admitted liability for an accident when he fell into a trench.

Save the Turkey plea

Animal welfare societies have appealed to the public to "choose a cruelty-free Christmas" by going without the traditional turkey. Urging people to have "a nut and mushroom roast," the societies say: "Millions of birds are reared every year and fattened as quickly as possible."

Road challenge

As rail travellers yesterday paid an extra 9.5 per cent on fares, the Green Line coach company, aiming to take a bigger slice of the south-east travel market, promised to try to hold its fares for a full year.

Children evacuated

East Hill, in Colchester, was sealed off yesterday and hundreds of schoolchildren were evacuated after leaking petrol flooded underground telephone cable tunnels. An "anti-spark" vehicle was used to pump out the lethal petrol.

World Cup ahoy!

Britannia Ferries, which operate the only direct car ferry link between Plymouth and Santander, Spain, is to put a second ship on the route in May, in time for the World Cup finals, increasing capacity by half.

REPORTING AWARD YOU CAN WIN £1,000

The Van den Berghs & Jurgens Reporting Award is open to any journalist or writer employed by or contributing to, newspapers, journals, radio or television in the UK.

The £1,000 prize is awarded to the entrant whose work has, in the opinion of the independent panel of judges, been of greater public interest or understanding of some aspect of human nutrition. Entries for the 1981 Award must have been published or broadcast during the 12 months ending 31 December 1981. Closing date for entries is 15 January 1982.



Last year the Award was won by David Edwards of BBC Radio London who wrote and produced "Too Little... Too Late?" a comprehensive programme on rickets and vitamin D.

A copy of the Rules and Conditions of Entry is available from:

The Nutrition Education Service, Van den Berghs & Jurgens Ltd, Sussex House, Burgess Hill, West Sussex BN15 9AW. Tel. Burgess Hill 465000 Ext. 2120 (std 04446)



Bird watchers mesmerized by the Hudsonian Godwit, an extreme rarity from north-western Canada, which flew into Exeter when blown off course a week ago. The bird (left) keeps company with a Black-tailed Godwit. The photograph was taken on a Canon reflex camera with 1280mm focal length lens, Tn X film rated at 850 ASA.

Another Huxley takes up arms in the defence of Darwin

By Pearce Wright, Science Editor

The annual address by the president of the Royal Society, an event that under its ancient charter takes place on St Andrew's Day, is usually a résumé of the health of scientific research in Britain.

Yet in his first address since his election to the society's presidency Sir Andrew Huxley, FRS, yesterday strayed into a more sensitive area. He chose to take sides in the controversy over evolution that has been spreading among biologists for the past two years.

And, as his ancestor, T. H. Huxley, did in 1860, defying the wrath of the bishops, Sir Andrew put forward a robust defence of the Darwinian explanation of evolution.

The present dispute is a far more complicated argument than the one that raged in the nineteenth century. The creationist movement was given the fillip when President Reagan expressed sympathy for that cause, but that is not the group bothering Sir Andrew Huxley. His concern is with the assault on orthodox theory from within the ranks of scientists.

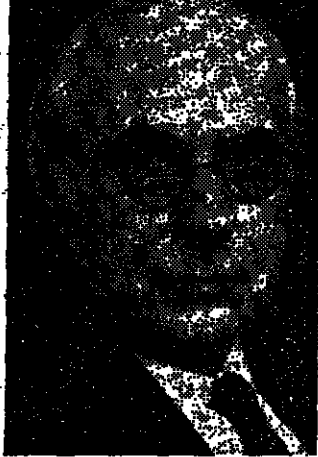
He said: "I found myself being asked by scientists, from the biological as well as the physical side, whether zoologists had ceased to believe in evolution."

"The public is still being given the impression on all sides that scientists no longer believe in evolution. That is so far from the truth, and many of the arguments that have been used are so fallacious, that I have felt that I ought to take the opportunity to put the record straight."

Most of the arguments depend, directly or indirectly, on contrasting the "sudden" evolutionary change put forward by Eldridge and Gould with the gradual change of Darwin.

The Eldridge and Gould theory was elaborated by Dr Niles Eldridge, of the New York Museum of Natural History, and Dr Stephen Jay Gould, of Harvard University.

They maintain that modern examination of fossils far from confirms the gradual change of orthodox theory. They say the fossils tell a



Sir Andrew Huxley: "Putting the record straight".

story of long periods of stability punctuated by short periods of rapid change when new forms of organisms suddenly appeared.

The president of the Royal Society said that the Eldridge and Gould argument could be accommodated in a Darwinian framework. The examples quoted showed measurements of fossils from geological layers separated in time by intervals of about 100,000 years.

He suggested that Eldridge and Gould were being misled when they said that a time interval of that order was a "geological micro-second". If a period of 10,000 or 100,000 years was to be considered by a micro-second comparison, then the whole age of the earth had to be compressed into less than one second, which was not a sensible scale on which to think about geological processes.

He criticized other arguments in a similar vein. But he added that plenty of difficulties still existed because there was almost no fossil evidence for the origin of the main divisions of the early animal kingdom.

Moreover, the question of the origin of life on earth, barely touched on by Darwin, lies in the realms of speculation and analogy. And the biggest problem for biology, which is too often swept aside by the competition, is the existence of consciousness.

Much work is needed to advance the understanding of the mechanisms of evolution.

Boy's cycle found in murder hunt

From Arthur Osman, Birmingham

Police from the West Midlands, Leicestershire and Warwickshire were searching last night for the killer of John Hudson, aged 13, of Sutton Coldfield, whose cycle was found yesterday at Bedworth, Warwickshire, more than ten miles from where he disappeared.

The boy, set off to cycle home from school through Sutton Park on Friday. His naked body was found near Sibson, Leicestershire, on Saturday. He had been sexually assaulted. A council spokesman found the bicycle by the A44 Coventry-Nuneaton road and police believe the killer took it there in an estate car or van.

A search of the 2,000 acres of Sutton Park and several pools by police diving teams failed to find the boy's clothing. Police think that he was waylaid as he cycled home and was then driven to a remote spot in the park, where he was assaulted and killed.

The caller who shot Mr Roy Harter, a millionaire businessman of Hutton Mount, Brentwood, Essex, may have been a woman, police believe (Our Colchester Correspondent writes).

The doorman shot dead at a ballroom in north London on Sunday night was named yesterday as Mr Michael Sullivan, aged 30 (the Press Association reports). Police say that Mr Sullivan, of Huron Road, Tooting, was shot in the face after he "became involved in an altercation" with two men at the Gaiety Ballroom.

TUC and Treasury clash on ILO report

By David Felton, Labour Reporter

The Government and trade union leaders clashed yesterday over a report from the International Labour Office which is critical of government actions during the 21-week Civil Service pay dispute earlier this year.

Unions said the report upheld their complaint that the Government was in breach of an international convention during the dispute. Britain is a signatory to the Labour Relations (Public Service) Convention, 1978.

A statement from the Treasury, which earlier this month took over responsibility for Civil Service pay, said it was "glad to learn that there have been no breaches of the convention, although some comments in the report are critical".

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The complaint, lodged with the ILO by the TUC at the height of the nine Civil Service unions' campaign of selective strikes, claimed that the Government was in breach of the convention by unilaterally suspending the pay agreement of 530,000 white collar staff and by denying the unions access to pay research evidence.

Denial by the Government of union access to arbitration for the 1981 pay settlement was also cited by the TUC, which said yesterday that its complaint of breaches of the convention had been upheld.

Mr Len Murray, the TUC general secretary, said: "The ILO's verdict is an authoritative vindication of the British trade union movement and a damning criticism of the British Government reneging on its commitments. In this, as in so many other respects, the Government has grievously damaged expectations and our country's international reputation."

Mr William Kendall, secretary general of the Council of Civil Service Unions, said last night: "The Government deliberately provoked and prolonged a serious pay dispute by its arbitrary suspension of agreed negotiating arrangements. It has now been condemned for ignoring international commitments in clear contravention of ILO instruments to which it is a signatory."

"The moral advantage in the 1981 dispute was always with the unions, and union industrial action was, in the circumstances, entirely appropriate and justified. The Government must now honour its promise to seriously negotiate 1982 pay, permit arbitration and should accept any arbitration award", Mr Kendall said.

He added that unions would be using the ILO verdict in arguments in the approaching pay negotiations and would be including it in the unions' submissions to the Megaw inquiry, which is examining Civil Service pay bargaining and is due to make recommendations for new pay system next year.

The ILO is regarded by unions as the world labour affairs court, and the convention referred to lays down the rights of public servants to organize and the procedures for determining conditions in the public services. The TUC complaint, which was supported by the International Confederation of Free Trade Unions and the Public Services International, said that articles seven and eight of the convention had been breached.

New quango for historic monuments questioned

By Hugh Clayton

Discreet opposition to the Government's plans for a new quango to administer ancient sites such as Stonehenge and Old Sarum came yesterday from the Royal Commission on Historical Monuments (England), one of the oldest state agencies in the heritage field.

It expressed polite scepticism about proposals issued last week by Mr Michael Heseltine, Secretary of State for the Environment, for the creation of a new agency designed to make historic sites more self-supporting through appeals for private capital and the aggressive marketing of souvenirs.

"Commissioners could not see a self-evident advantage in handing over the stewardship of the national monumental heritage to a new non-departmental body", the royal commission said. Its chairman is Sir Michael Adeane, a former private secretary to the Queen, and half of its 14 other members are professors.

"Commissioners would also suggest that more thought needs to be given to the division of responsibilities inside and without the proposed new agency," the commission went on. "They are not as yet convinced that this commission, or a new body subsuming the commission's present functions, should be responsible for the very different problems of site management and commercial activity."

Last week ministers left open a decision about the fate of the commission.

The royal commission suggested tentatively yesterday that far from being taken over by a new quango it might from the centre piece of the new body.

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EEC agriculture budget

How our upland farmers make the CAP fit

By John Young, Agriculture Correspondent

Last week's inconclusive European Council summit in Luxembourg has reinforced the prevailing view in Britain that community mechanisms are weighted against British interests.

Observers will have noted the flat refusal of France, Ireland and, to a lesser degree, Italy and Denmark to countenance any lessening of the amount that agriculture takes from the EEC Budget. Once again, it will be said, Britain and Germany are repaying through the nose to support the peasant farmers of Europe.

There are a few small ways in which the common agricultural policy does benefit Britain. Set against the outgoings, they are insignificant and they scarcely reach the consumer; but they may be seen as some small compensation.

One example is the designation of what are termed, in typically European jargon, "less favoured areas". These are areas where, for various reasons, farming faces particular difficulties and where farmers qualify for special help from the EEC.

The idea came from Britain which, at the time of its accession to the Community in 1973, was concerned about its upland areas. According to the Ministry of Agriculture, the United Kingdom has been the largest beneficiary of EEC contributions to investment aids and livestock allowances.

More than 7,500,000 hectares, 42.4 per cent of the total land area, is designated as less favoured. Easily the largest part is in Scotland, where the 5,200,000 hectares so designated amount to 67.5 per cent of the land area and 84 per cent of all agricultural land.

In Wales 54.1 per cent of the land area is classified as less favoured and in Northern Ireland 40.5 per cent.

On the face of it other EEC countries appear to have done as well, if not better. Luxembourg has managed to have 50 per cent of its territory classified as less favoured and in Italy the proportion is 53 per cent.

In Ireland LFAs amount to half the agricultural area, in France 35 per cent and in West Germany 30 per cent. In contrast, Denmark has no LFAs at all, and Holland virtually none. But in financial terms Britain still receives two fifths of all aid.

Land that is poor where production cannot be increased except at prohibitive cost, and areas where the continuation of farming is considered desirable for conservation or tourism reasons may also qualify as less favoured.

In both categories Britain has been much slower to apply for designation, something which the National Farmers' Union criticized at a meeting last week of the Commons Agricultural Committee.

The results of a Ministry of Agriculture survey of marginal land are expected soon. The survey is expected to include marshland and undrained fens, heath and moorland, and that ill defined area known in environmental circles as the "urban fringe". The Government will then have to decide how much of that land to ask the commission to designate as less favoured. It will also consider whether to apply to have the Isles of Scilly designated under the tourism conservation provision.

One difficulty is that after the future over the Wildlife and Countryside Bill, conservation groups will be on their guard against anything likely to encourage the drainage of wetlands or the ploughing up of moorlands.

Another is that the EEC pays only a proportion of the aid.

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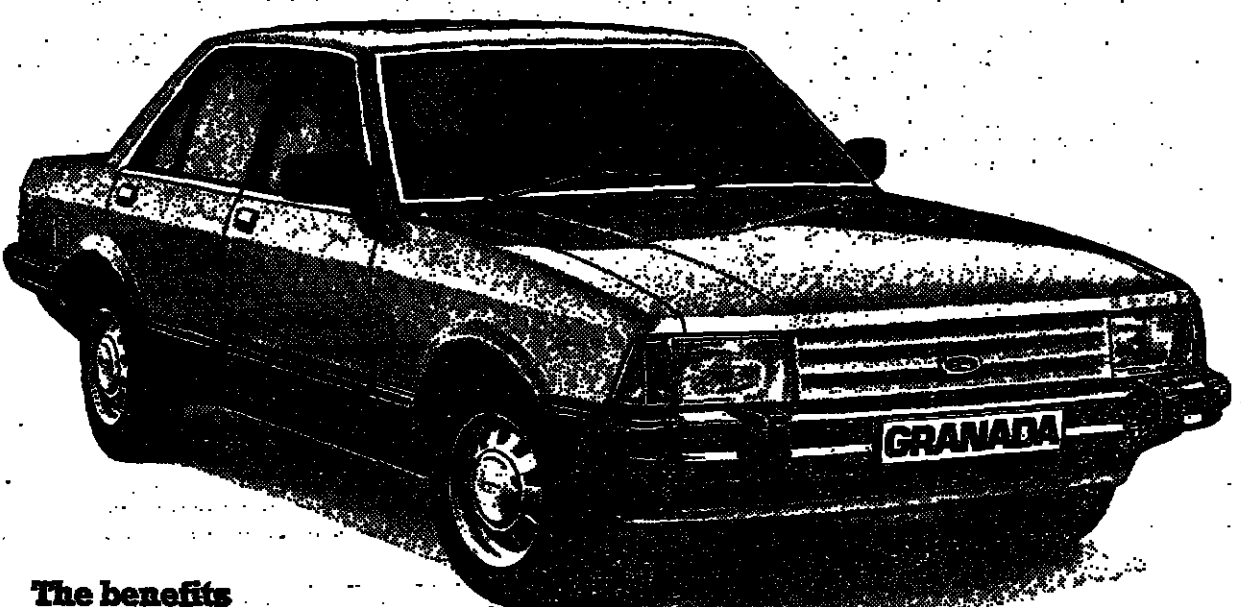
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NEWS IN SUMMARY



Mr Green: Denied assault on pupils

Head used cue to hit deaf pupils

The former head of a boarding school for deaf boys injured several pupils when he struck out with his hands and a billiard cue in an attempt to quell a riot, a court was told yesterday.

Paul Green, who was dismissed after incidents at Burwood Park school, at Walton-on-Thames, Surrey, was bound over at Kingston Crown Court in the sum of £50 to keep the peace for a year after denying 14 charges of assault.

Mr Nicholas Valios, for the prosecution, said that a considerable disturbance had begun one Saturday at tea-time. About 35 boys were told to go to the school library, where they barricaded themselves in.

Mr Green got in through a window, and he hit out with his hands, causing a number of boys minor injuries.

Later some boys again barricaded themselves in the library and Mr Green, again forced his way in.

He struck out with a billiard cue at the boys, inflicting injuries on some of them, Mr Valios said.

Cannabis raid on singer's flat

Marianne Faithfull, the singer, was fined £100 and her husband, Ian Brierley £75 yesterday after both had admitted possessing cannabis resin. Miss Faithfull was ordered to pay £50 costs and Mr Brierley £1,343 costs.

At Snaresbrook Crown Court, London, Mr Kevin DeHaan, for the prosecution, said the couple's basement flat in Danvers Street, Chelsea, was raided after a policeman saw through a window two people rolling cigarettes.

Times' men on fraud charge

Two employees of Times Newspapers were remanded in custody for three days at Clerkenwell Magistrates' court, London, yesterday on charges of falsifying accounts.

Steven O'Neill, aged 24, of Harlow, Essex, and Martin Wilson, aged 22, of Dartford, Kent, who both work in the accounts department, each face four charges of falsifying accounts.

Det. Constable Raymond Hayward told Mr J. Denis Purcell, the magistrate, that the case was a complex fraud involving seven people. He added that four other people had been arrested early yesterday.

Emma the guide dog dies

Emma, the famous Labrador guide dog, has died at the age of 17. When her mistress, Mrs Sheila Hocken, of Stapleford, Nottinghamshire, regained her sight in an operation two years ago the dog went blind and the roles were reversed.

Labour sets out case for church school shake-up

By Diana Gidley, Education Correspondent

Proposals to deprive voluntary-aided (predominantly church) schools of all powers over curriculum, staff appointments and pupil admissions are put forward in a discussion document drawn up by the Socialist Educational Association (SEA) which is affiliated to the Labour Party.

The proposals could lead to the abolition of church schools. At a press conference to launch the report in London yesterday Mrs Caroline Benn, president of the association and wife of Mr Wedgwood Benn, said the education subcommittee of the Labour Party's National Executive Committee would consider the document in the new year with a view to incorporating it into party policy.

Out of more than 8,000 denominational schools, two thirds are run by the Church of England, and others by the Roman Catholics, Methodists and Jews. The document, which is the result of 18 months' deliberations by a working party chaired by Mrs Benn and consisting mainly of teachers from both maintained county schools and voluntary-aided denominational schools, insists that its aim is to abolish voluntary schools but to "explore ways in which democratic accountability and control can be established".

At present the special legal status of voluntary-aided schools enables them to delay and even to resist local authority plans to reorganise them along comprehensive lines, it says.

Once they had become comprehensive, they were still able to operate a form of hidden selection in their intake through their power to select pupils without reference to the local authority.

Also, their right to decide the size of their intake sometimes made it difficult for authorities to rationalise schools on an equitable basis as the number of secondary pupils in the authority fell.

About a third of state schools have voluntary status of those, two fifths are "controlled", meaning that the local authority appoints a majority of governors and thereby effectively controls the school, while three fifths are "aided" schools, where the voluntary foundation or church appoints a majority of governors.

A "majority view" in the discussion document suggests that despite their past achievements any claim for special treatment, other than freedom to teach a particular religion, could no longer be accepted.

Voluntary schools should be treated in the same way as county schools, it said, with the same criteria on the curriculum, except for religious education; the same procedures for admissions and school size; the same staffing policy, and without freedom to appoint a majority of governors.

Test to destruction for nuclear safety margins

By Pearce Wright, Science Editor

One of the most remarkable operations ever planned to search for cracks and to make repairs to pipework in nuclear power stations is in progress.

It includes subjecting big components made of one-and-a-half-inch thick steel, and worth £500,000 each, to increasing stress until they explode. The first tests to destroy deliberately one of these objects was done at the Ministry of Defence range at Foulness, and a second will be tested similarly in a few weeks' time.

But those trials are just part of a long research and development programme by the Central Electricity Generating Board, for which the cost is put conservatively at more than £30m.

It was described by Dr. Bryan Edmondson, director of the board's engineering support group, as probably the largest engineering effort in history for testing and maintenance.

When a technical account of the investigation is published, it will provide an important contribution to the science of failure engineering standards. Yet there is a paradox associated with the project.

Although the work is being done to resolve a specific problem that has arisen in four Magnox power stations built in Britain almost 20 years ago, the main benefit will be in evaluating future power station designs like the American type of pressurised water reactor, PWR, which the board wants to build.

Dr Edmondson said one purpose of testing to destruction, components taken from the Magnox nuclear power station is to demonstrate safety margins in practice as well as from the theoretical computer calculations. The principles involved apply even more so to PWR's, he added.

The investigation was started 18 months ago when new ultrasonic crack detection methods were introduced into routine inspection. This showed flaws in the "bellows" unit which is used in as many as 150 places in the gas cooling circuits of each of the four stations.

The generating board's engineers are convinced that the flaws, found in welds which hold together steel supports within the bellows units, have been there since the plants came into operation almost 20 years ago.

The stations at Berkeley, in Gloucestershire, and Bradwell, Essex, which both came into operation in November 1962, supply 276 megawatts (MW) and 300 MW of electricity respectively.

The Dungeness A station, in Kent provides 410 MW and at Sizewell, in Suffolk, where only one of two reactors is out of service, the supply is 420 MW.

The two larger stations came into operation in 1966, but all have been operating at 15 per cent below their original design capacities.

That was done to cut the rate of corrosion of steel bolts. Coping with the defects in the welds of bellows units is far more complicated because many of them are in inaccessible parts.

Operating conditions vary from station to station. At Dungeness the gas temperature is 300 degrees centigrade and the pressure 268 lbs a square inch.

In the test to destruction, a bellows from Dungeness was pressurised to over 1,313 lbs a square inch.

On the basis of elaborate studies of the performance of bellows at each station, the generating board is submitting separate safety analyses to the Nuclear Installations Inspectorate with a view to bringing the plant back into operation. That has been agreed for one of the reactors at Dungeness A station to be used from this week.

Target '82 drafts strategy for left-wing GLC members

By David Walker

Since Labour took over the Greater London Council in May, a committee of left-wingers has met at County Hall in rooms booked by members of Mr Kenneth Livingstone's collective leadership.

Called Target '82, the committee is dedicated to the success in next May's borough council elections of candidates who "are prepared to confront the Government" and to policies of full-blooded municipal socialism.

This month target '82's past efforts — interminable meetings, detailed working-party reports, the building of a system of political communication — will ensure that its policies form the core of electoral conferences in several inner and outer London boroughs.

Both Southwark and Lewisham's election manifestos already have Target '82's stamp.

Target '82's policies generally have no cost attached. They are extensive municipalisation, no increases in council house rents, more vigorous use of planning powers, more and wider social services and job-creation projects.

All are underpinned by the right — accountability — of Labour councillors to the inter-constituency "local government committee", which, in several boroughs, Target '82 has made its own.

Target '82's guiding light is Mr Jeremy Corbyn, its convener, a full-time official of the National Union of Public Employees. Mr Corbyn and colleagues from his political base, Haringey, are among the editors of the London left's house journal, the monthly *London Labour Briefing*.

It is *Briefing* that carries the lists of targeted sitting Labour councillors, and prints the model resolutions which have become policy in the half dozen boroughs, where the Bennite left controls Labour Party affairs.

With 2,000 to 2,500 copies printed, *Briefing's* circulation is narrow, but the *Labour* and *Militant* it fulfils the function of organising a party within the party. *Briefing's* strength charts the strength of the left wing: it circulates in Haringey, Brent, Haringey, Southwark, Lambeth and to a lesser extent in Camden, Hounslow, Lewisham and Greenwich.

The *Briefing* group, its membership of 50-100 equal with that of Target '82, includes several NUPES officials — Mr Mark Sainsbury, a union area officer, fulfils Mr Corbyn's organising role south of the River Thames. Most members are employed by local councils. Several, such as Miss Valerie Wise, are members of GLC.

The group's first triumph was the capture of the GLC for the left under Mr Livingstone, although Mr Livingstone and his associate, Mr Ted Knight, leader of Lambeth Council, have since been criticized in *Briefing's* columns for deviations.

Even before May this year, plans had been hatched for an organization — Target '82 — to coordinate strategy for the borough elections of next year.

Targets were listed in *Briefing* as moderate and right-of-centre leaders. Mr John O'Grady, leader of Southwark council, has fallen victim, and been denied re-election as a Labour councillor. Mr Andrew Hawkins, leader of Lewisham, faces a difficult passage; the position of Mr Roy Shaw, leader of Camden, is tricky.

Target '82 has been resisted, most successfully in Tower Hamlets, where Labour councillors have safeguarded their re-election. Mr Paul Beasley, council leader, called Target '82 "a very divisive influence".

But to Mr Brynley Davies, leader of the Inner London Education Authority and an associate of Target '82, it is merely "a mutual support group to talk through ideas".

Briefing, he said, "is a forum for those on the left to get involved in local government; but I never saw it as a grouping like 'Militant'".

Apart from securing the adoption of left-wing council candidates in Southwark, Target '82's big success to date has been in the writing of manifestos for borough elections. Thanks to a compliant executive committee, the official Greater London regional council of the Labour Party is to act as a "co-ordinator" for borough policy promises — a new role, desired by the left as a way of imposing uniformity.

According to a resolution in the October edition of *Briefing*, the regional council is to "crystallise" a special conference immediately after the May elections to organize a strategy of "no cuts".

Meanwhile Target '82's sample manifesto promises to "urge increased spending in virtually every department of London councils, the employment of extra staff, setting up of municipal centres for unemployed workers."

Objections to that plan by the central government is to be met by "disengagement" of Labour councillors and strikes. *Briefing* supporters are to advance this view at the special London Labour Party conference that is planned for December 12.

Mr Nicholas Valios, for the prosecution, said that a considerable disturbance had begun one Saturday at tea-time. About 35 boys were told to go to the school library, where they barricaded themselves in.

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Whitehall brief

Quieter days for mole hunters

By Peter Hennessy

Thirty years ago next month Sir Winston Churchill ordered that the past and present private lives of civil servants engaged in highly sensitive defence, intelligence and diplomatic activities should be thoroughly investigated to ensure they were not moonlighting for the Soviet Government in addition to drawing a salary from his Majesty's Paymaster General.

In the next week or two, Mrs Margaret Thatcher will receive a report prepared by the Security Commission urging in the strongest terms that she keeps the system of positive vetting introduced by Sir Winston.

Sir Winston saw it as a vital first line of defence against the KGB, which continues to devote much effort to infiltrating the British Civil Service.

The for-hunting Lord Diplock and his fellow security commissioners will not, however, be urging the hounds of the Security Service, MI5, to be let loose on another, wide-ranging "mole" hunt in Whitehall. If anything the reverse will be true.

In evidence presented to them since their invitation in March, in the wake of the Hollis affair, to examine the condition of the public service's defences against penetration by foreign intelligence organisations, the security commissioners have heard from many of the senior men responsible for the safety of the realm that the number of civil servants being positively vetted has got out of hand and should be reduced.

When the idea of positive vetting was first considered in 1950, under pressure from the Americans after the conviction of Dr Klaus Fuchs, the most damaging of the atom spies, the Prime Minister, then Mr Clement Attlee, who had doubts about the practice on civil liberties grounds, was informed by the Secretary of the Cabinet that no more than 1,000 posts would require their occupants to be screened.

Given that Sir Winston, who succeeded Mr Attlee in 1951, finally introduced the system at the height of the cold war, with Burgess and Maclean, then Mr Clement Attlee, who had doubts about the practice on civil liberties grounds, was informed by the Secretary of the Cabinet that no more than 1,000 posts would require their occupants to be screened.

In the present climate of cost-consciousness in Whitehall, elaborate field inquiries by the Ministry of Defence's 130 investigating officers that were once for the home departments (the Armed Forces, the Foreign and Commonwealth Office, MI5 and the Secret Intelligence Service, MI6, look

after their own screening) represent a substantial drain on public funds.

For that reason, the Prime Minister is likely to agree to a diminution in the scale of the operation, though she will almost certainly accede to the wishes of the director-general of MI5 and MI6, who want all their people, from cleaners upwards, to be kept inside the system.

Although the Security Commission's general line is that the palisades should be drawn in to protect only those persons and files that really need it, they are likely to draw Mrs Thatcher's attention to several developments since Lord Radcliffe reported on civil service security in 1962. On the physical side, the introduction of computers, word processors and the ubiquitous photocopying machine have, it seems, opened up new possibilities for the KGB.

One Diplock finding, however, calculated to appeal to the open government lobby is the fact that money could be saved by cutting down on the number of documents carrying a high security classification, as guarding them is very expensive. Persuading

people at all levels in the Civil Service that the KGB are still very interested in the contents of departmental registers, despite the waning of Britain's world power status, might also require a more open policy towards the work of Mr Rex Davies's security section in the Management and Personnel Office, which supervises the positive vetting system.

On the human side, as the ideological grip of Stalin's successors on the imaginations of all but an atomistic few has weakened, the guardians of national security have detected a kind of nihilism in parts of the public service which worries them as it has driven out the old concepts of loyalty — a process accelerated inside a Civil Service recoiling from public fears, particularly about harbouring espionage about its treatment on pay.

That is one of the areas in which the Prime Minister's response to Diplock could trigger off civil libertarian fears, particularly if the report recommends her desire to create an official secrets statute leading to convictions in the courts, to replace the discredited Act of 1911.

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Case sign of rate revolt, QC claims

By Frances Gibb

The challenge by the London Borough of Bromley to the extra rates levied by the Greater London Council to pay for the fares cut of a quarter by London Transport is part of a widespread revolt by ratepayers.

Mr David Widdicombe, QC, told the Law Lords yesterday.

He said that the Labour controlled GLC's policy was, in Bromley's opinion, "a deliberate policy of loss-making at the expense of the ratepayers".

Bromley's case, among other points, is that under the Transport Act, 1969, the GLC has to run London Transport as a business venture; that the fares cut was not in accordance with business principles; and that in law the council has a duty to its ratepayers, which it had breached.

The policy was being contested not only by Bromley but also by ratepayers throughout the country, Mr Widdicombe said.

Mr Widdicombe, for Bromley Council, was opening his submissions before the Lords. Lord Wilberforce presiding. The GLC is contesting a recent Court of Appeal ruling which upheld a claim by Bromley that the GLC had acted illegally in levying a 6.1p rate to subsidise its fares cut.

Of the effect of the GLC's transport policy, Mr Widdicombe said that the owner of a property with a rateable value of £500 would have paid £7.20 for transport in 1981-82 under the previous Conservative administration. Under the new administration, he would pay £40.50 and, if those transport policies were carried through to 1982-83, this would rise to £47.70.

The hearing continues.

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Benefit reform 'has led to confusion'

By Pat Healy, Social Services Correspondent

The promised simplification of the supplementary benefits scheme has resulted in widespread confusion and hardship

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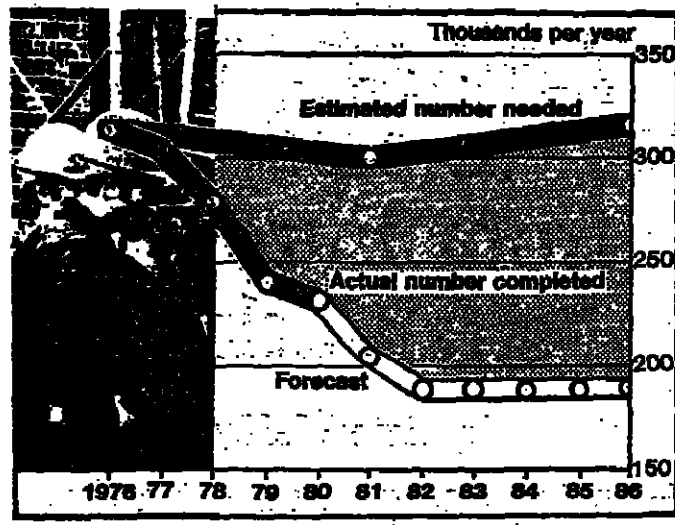
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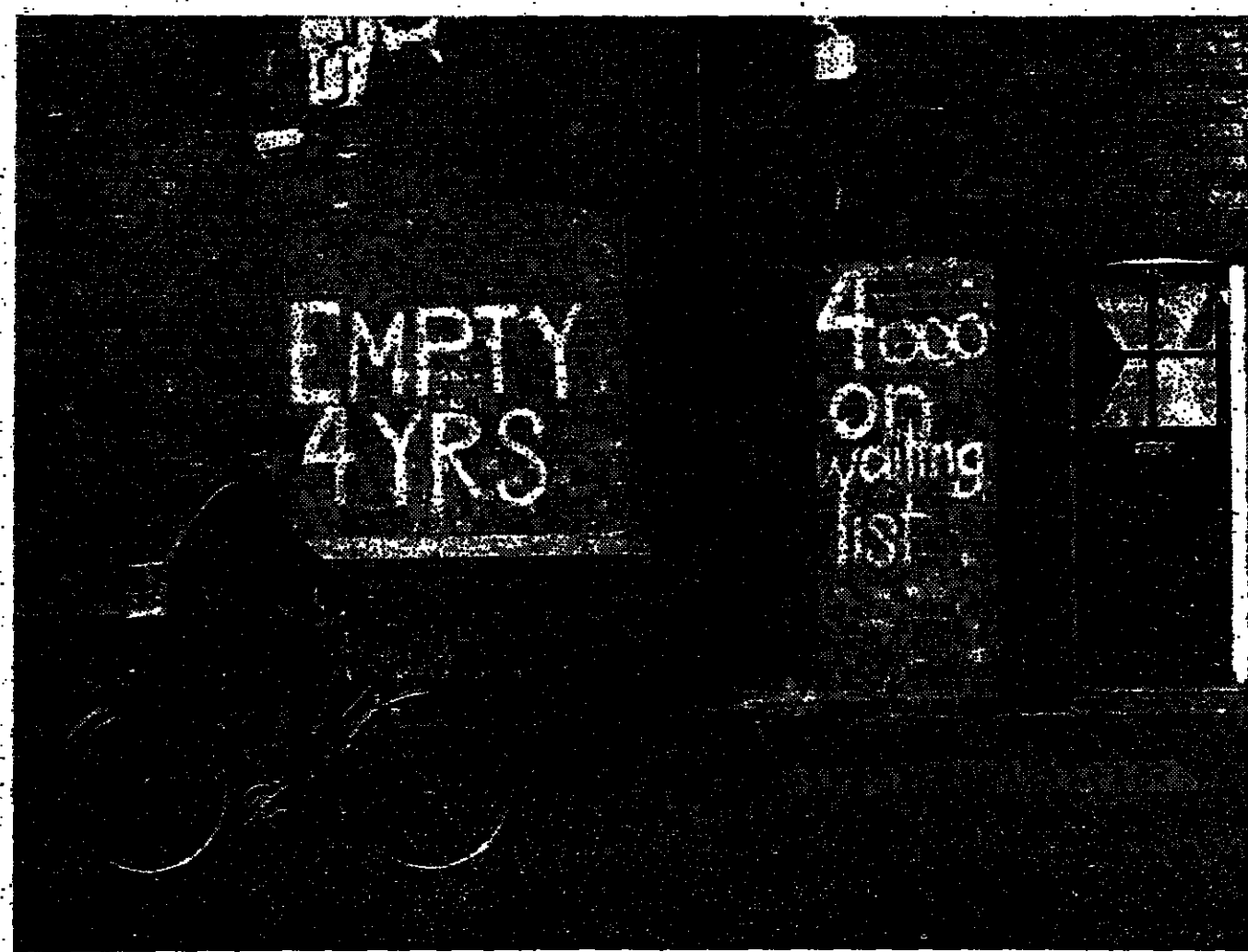
The housing gap: demand increasing while building slumps

- Not enough houses are being built. There is a need for 300,000 houses to be completed this year. Only 205,000 are expected to be finished.
- Not enough houses are being started. In 1967, 400,000 houses were begun. This year, building begins on only 145,000 homes.
- Not enough council homes are being started.
- In 1967, 200,000 council homes were begun. This year, building begins on only 35,000 homes.
- 3,000,000 homes need serious repairs. 547,000 in England alone are unfit for habitation.
- The number of unemployed in the building industry has more than doubled in the last two years. In August 1979 the number of building industry jobless was 153,000. Now it is 370,000.
- 850,000 homes are overcrowded.
- There are 50,000 homeless in England alone.
- There is an imbalance in the amount of state subsidy given to different types of household. In 1981/82, council tenants will receive a subsidy of £241 per household. Private home-owners will receive £285 per household, through tax relief on mortgages. Private tenants, however, will receive only £21 per household.

The homeless are here to stay

Last night, Shelter celebrated 15 years of campaigning for the homeless. In a lecture to mark the occasion, Des Wilson, the campaign's former director, argued that despite their work, housing in Britain is inadequate and in a poor state of repair — and things are getting worse.

My case today is that after a considerable advance in new building, rehabilitation, and legislation for housing in the late sixties, our housing programme has collapsed at such an alarming rate that we now face a major crisis, one likely to become without parallel in our lifetime. What it adds up to is this: that for all the advances made in the late sixties and early seventies, a vast number of families in Britain are inadequately housed. They are homeless in the sense that they are not living in conditions conducive to a decent family life: overcrowded, often with parents and children sharing the same bedroom; living in conditions officially unfit for human habitation; living with friends or relatives in a situation of strain and tension. In addition, they must face the fact that as the new building programme collapses and rehabilitation falls behind the rate of decline, the probability is that they have no hope whatsoever of escaping their dilemma. All the signs are that this year fewer houses will be started than at any time in the past 50 years. For two consecutive years — 1977 and 1978 — the number of starts exceeded 400,000. This year we will achieve less than half that — perhaps a decline of a quarter of a million houses a year since their peak performance. In the public sector, the number of house starts has fallen from close to 200,000 in 1967 and 1968 to nearer 35,000 this year; in other words, we are building one council house for every six

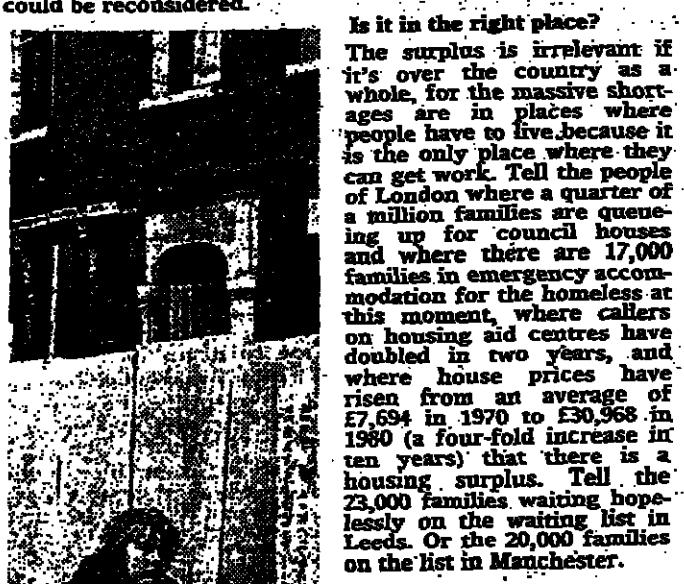


An empty house in Cardiff: three-quarters of all public expenditure cuts are in housing

England alone the overall figure has collapsed: from 48,643 in the first quarter of 1980 to 27,093 in the second quarter of 1981. New building and renovation together are substantially lower than new building alone in the late sixties. Reflecting all this, the construction industry is in its worst recession in recorded history. Unemployment in the industry has increased spectacularly from 153,000 in August 1979 to 370,000 in August 1981. Nearly one in eight of the unemployed in Britain are in the construction industry. Fewer than 20 per cent of the firms in the industry are now working at or near full capacity. The role of expenditure cuts in causing this calamity is clear: orders for all new work for the industry are now running at three quarters, by value, of their 1975 level, but orders for new public housing work has collapsed to one fifth of the 1975 level. With unemployment in the construction industry four times higher than it was in 1973, it can be seen that the housing cuts have also led to a substantial increase in unemployment. Finally there are the statutory homeless: well over 50,000 families will be accepted by local authorities as officially homeless in England alone this year and have often to be taken into bed and breakfast hotels, hostels, or short life dwellings. Many more have been refused, even though they have been in every sense homeless.

1 The 'surplus' myth

How has it happened that our housing is so poor? First, the main factor in the failure of the calculation of need and the failure of the housing policy has been the creation and perpetuation of the myth of the housing surplus. It all began in the late sixties when statistics were produced to show that Britain was heading towards a so-called 'housing surplus' — an excess of units of accommodation over households. Ministers immediately acclaimed this as an achievement and foresaw the end of the housing problem. This belief has spread like a cancer into policy-making in housing, the official line being that if there was to be a crude housing surplus — (the word 'crude' was added as their conviction about the relevance of it began to falter even while their misuse of it continued) — 'crude housing surplus' then clearly the emphasis on new building could be reconsidered.



● First, we need to assess properly the need for housing for the remainder of the century, properly calculate what can be provided by the different sectors, and encourage a housing programme to meet the needs and not based on destructive false predictions of an irrelevant so-called 'crude housing surplus'. ● Second, we need to re-establish housing as a priority for public expenditure and immediately increase expenditure so that at the very minimum, new building at least keeps pace with the growth in household formation, and at the very minimum rehabilitation is at least sufficient to keep up with the decline of the housing stock.

How the myth of the housing surplus has disguised the awful truth

The fact is, of course, that the surplus may have been of some minor statistical significance but it has always been completely and utterly irrelevant to the housing problem. What is the problem? It is the provision of houses in the right place (that is where people have to live to work), of the right quality (that is of a standard fit for human habitation), of the right size (that is where a family has a home of its own and is not overcrowded), at the right price (that is at a price that a family can afford without being driven deeper into debt or poverty), and that is secure (that is to say that they do not live in fear of eviction onto the streets). Let's take each in turn: Is it in the right place? The surplus is irrelevant if it's over the country as a whole, for the massive shortage of places where people have to live because it is the only place where they can get work. Tell the people of London where a quarter of a million families are queuing up for council houses and where there are 17,000 families in emergency accommodation for the homeless at this moment, where callers on housing aid centres have doubled in two years, and where house prices have risen from an average of £7,694 in 1970 to £30,568 in 1980 (a four-fold increase in ten years) that there is a housing surplus. Tell the 25,000 families waiting hopelessly on the waiting list in Leeds. Or the 20,000 families on the list in Manchester. Secondly, the so-called housing surplus includes every one of the nearly three million homes that are unfit for human habitation, lacking in facilities, or in need of repair. Thirdly, it includes every overcrowded family: every family in one or two rooms, every family where a child sleeps in the same room as its parents, every family with a young married couple living with them because they have been unable to find a home of their own. And what about the right price? One of the fundamental problems is the lack of choice for lower income families, because house prices and rents in the private sector are way beyond their income. Shelter has estimated that two-thirds of those that are not currently owner-occupied cannot afford to buy simply because their income is not high enough. The figure is as high as 83 per cent in the South-west, 80 per cent in Wales. Security of tenure Whenever there is a shortage of a basic human need, there is opportunity for exploitation. That has been proved over and over in British housing. That is why the creation of security of tenure did so much to take fear out of the lives of poorer families in the inner cities. But by the use of loop holes in the Rent Acts, notably so-called 'holiday lets' and the so-called 'non-exclusive' occupation licence, landlords are defying the Rent Act. For economic, not security reasons, the private landlords

What must be done to build enough homes

● Third, we must make sure that we have both an extensive programme of new building and an extensive programme of rehabilitation and that one does not become an alternative to the other. ● Fourth, while encouraging home ownership wherever it is practicable we must not do so by refusing to acknowledge the need for adequate provision of rented accommodation, and in particular public sector housing. ● The whole question of housing finance needs to be re-examined and we have to face the absurdity of a situation where money in subsidies and tax relief is largely helping those who need it least. ● Given that it will take time to solve the housing crisis, we must eradicate the loop holes in the Rent Acts and take no further steps to weaken the security of tenants. We must not allow attitudes towards the homeless to deteriorate any further. The exploitation of the 'intentionally homeless' provision in the Homeless Persons Act by local authorities must be stopped. We must have an effective safety net for the homeless. Finally, the catastrophe — and I believe that is the correct word — that faces the nation is not just the responsibility of the politicians, or civil servants or local authorities or anyone else. The fact is that we have all failed, none more so than those of us who were so close to the problem in the sixties and early seventies and allowed ourselves to be lulled into a false sense of security. We must fight once more for a greater public spending on housing. It is cynical and dishonest to talk of public expenditure always in the negative, without acknowledging the tremendous return that over the years we have received for our money in terms of greater equality, social justice and relief of need.

When red tape is better than sympathy

by Susan Beattie

As the International Year of the Disabled Person nears its end I have confronted as honestly as I can my own feelings about disability and the dreary image it presents. Twenty-five years ago I became ill with polio: it must have been among the last outbreaks of the disease in this country. At the end of the dark, bewildering tunnel of a London fever hospital, an orthopaedic hospital in the Oxford, a clinic in Switzerland, my parents' anguish and their huge outpouring of love and resources, I emerged with two totally paralysed legs, a wheelchair and a fearsome, sullen determination to crash through catastrophe and that, services life ignoring as best I could, my appallingly visible handicap. The history of art and (I was still adolescent) my own physical appearance and disability integration is ever to be achieved through charity. Who is in any doubt about the respective social status and self-esteem of do-gooders and those wretched done-for-to-biased by circumstances into the role of a domestic pet? I do not believe that integration will be achieved by the banding together of people with little but their infinitely varied disabilities in common and with no common pride to be taken in their very condition as other despised groups — women, black people, homosexuals — are able and right to take in theirs. I got over the first of those knife-edges with the help of many people — my mother and father above all — but there was, again, one circumstance alone on which the whole matter hung. The Courtauld Institute of Art in Portman Square, former town house of the art-loving textile magnate Samuel Courtauld, was still, when I was in my early twenties, the only place in England offering an RA Honours degree course in the history of art. It was equipped with a large and reliable lift, blessedly installed long before, by Courtauld for his wife and her wheelchair. Not once during the subsequent years of writing and research, of marriage and motherhood, of earning a living, did I come into direct contact with the vast network of voluntary and salaried workers-on-behalf-of-the-disabled who in this International Year have had such penetrating light thrown upon them. Not once, until this year, did I see myself as a Disabled Person, only as an art historian and a woman who happened to have to use a wheelchair. Much of the help I have needed has been given by countless kindly strangers who have simply done the job of lifting and gone on their way without question or privacy-intruding comment. But I have encountered horror in the world outside the face (almost invariably over 35) pushed too close to mine in a lift or on the street, asking the unanswerable 'Aren't you people wonderful?' and thus betraying not a heart of gold but invisible emotional disability; the cin-

Susan Beattie

Our true allies are those who campaign for such statutory financial aid as the mobility allowance and the housing improvement and adaptation grants that come packaged, not in pitying, self-righteous glances, patronising smiles and sympathy, but in clean red tape: those who, in offering the public a service, ensure that the widest possible section of that public, including those with special needs, can take advantage of it; those who press for legislation to enforce, a basic standard of acceptability in the buildings that house the events and activities which give life a degree of meaning. Only by such dispassionate action will physically disabled people cease to provide a painful human platform for the ego trips of others, gain the freedom to take or leave the disability ghettos, as they choose and claim their place in society as of right. Fashion by Suzy Menkes will appear tomorrow.

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LETTERS TO THE EDITOR

CRISIS IN THE PRISONS

It is unfortunate that the debate on prison conditions should have descended to an argument over whether judges and magistrates had or had not thwarted the plans of Mr Whitelaw, the Home Secretary, to introduce a system of earlier release for some prisoners. What is clear, not least from letters to *The Times* by Lord Justice Lawton and by the Chairman of the Magistrates' Association, is that the judiciary and the magistracy were opposed to the reform, and that their opposition was instrumental in deciding the Home Secretary to abandon it.

It was a weak decision on Mr Whitelaw's part, and one which could have a profoundly negative effect in dealing with the crisis of our prisons. When a firm and imaginative response was required, the Home Secretary was only prepared to tinker with the problem, for there can be no doubt that the "partially suspended" sentence, at best, is tinkering, and at worst may even increase the prison population.

It is not irrelevant that only a few months ago Home Office ministers were playing down the partially suspended sentence, on the grounds that there was no certainty that it would bring about any reduction at all in the numbers sent to prison. Suddenly, they are talking about a possible reduction of 4,000, though admitting the optimism of the estimate.

Releasing some categories of prisoners after one third of their sentences, with the second third spent under supervision, which was Mr Whitelaw's original plan, cannot be the sole plank of a policy to reduce the prison population, though it would help considerably. A simpler system would provide for remission of one-half for sentences under three years, without the need to bring in the probation service for a period of supervision.

A shorter average sentence is another necessary element in any attack on overcrowded prisons. Advocates of the policy are, largely, pushing against an open door. The Home Secretary, the Lord Chancellor, the senior judiciary, the Magistrates' Association are all converging and there are already indications that their advocacy has resulted in a lower level of sentencing for non-violent, relatively minor criminals, who are nevertheless considered to need a custodial sentence. Of course, serious offences, especially where

violence has been used, should not be brought into a policy of shorter sentencing. Muggers, robbers and rapists deserve little leniency — and should not be given any by the courts.

Sentencing policy is only one reason for our prisons crisis. Much blame lies in the physical state of the prisons themselves. In spite of a building programme which has escaped relatively unscathed from the cuts imposed in almost every other area of government expenditure, the environmental and sanitary conditions of many prisons verge on the inhumane. Local prisons containing short and medium term prisoners are, paradoxically, often in a worse state than establishments holding longer-term, more serious offenders.

Why should we concern ourselves with the comfort of those who have committed crimes against society? After all, the argument goes, they are in prison through choice. They did not have to offend, but, having done so, they should not be entitled to complain about the consequences.

One part of the answer is based on principle and humanity. Offenders have to pay the penalty of being deprived of their liberty. That is punishment enough. A civilized society should not ask, in addition, that prisoners should serve their time in conditions of misery and degradation. That does not mean that they should have comforts which are denied to many of the non-criminal population. A prison should not be a holiday camp. But it is equally unacceptable that they should spend 23 hours a day with two others in a cell designed for single occupancy, with no sanitation but a bucket in the corner.

There is also the self-interest of society. A prisoner who has been subjected to inhumane conditions is likely to come out of prison more embittered, more anti-social, more dehumanized, and hence more likely to offend again, than when he went in. It is also dangerous to keep men in such conditions. It is perhaps only a matter of luck that one or other of our prisons has not exploded with consequences far more serious than any yet seen.

Even with the more positive and flexible attitude to sentencing being taken by the courts, there are still many thousands of offenders being sent to prison who should not be there at all. There are the maintenance defaulters,

whose refusal to pay is often a wilful act of hostility against their former spouse. Prison does nothing for them except ensure further non-payment. There are other fine defaulters, whose usually trivial offences were initially not thought worthy of a custodial sentence. There are the drunks, for whom a planned network of drying-out centres has just not been built. There are offenders who need psychiatric treatment, but are sent to prison instead because the Department of Health and Social Security has failed to come up with the necessary facilities for treatment.

Still not enough attention — and resources — is being devoted to setting up non-custodial alternatives to prison. There is a great need for more day centres to which minor offenders could go, preferably with some form of training attached, and for more hostels. The use of community service should be expanded — it is a sentence which combines punishment and reparation without subjecting the offender to the disruption of his life which prison would entail. According to the latest figures, it costs, on average, £136 a week to keep a man in prison. No form of non-custodial sentence would cost anywhere near that much, even if by increasing the range of non-custodial facilities, the probation service would have to be expanded as well. For marginal cases, the Home Secretary should consider seriously instituting weekend detention — which works well in other countries — or day imprisonment, as recently suggested by the Magistrates' Association.

Britain and West Germany imprison far more people per head of population than any other country in Western Europe — and nearly four times as many as in the Netherlands. Yet crime in those countries which use imprisonment far less is not out of control. It is not necessary for the protection of society to have so many people in prison. Indeed, it can be counter-productive. But a great deal more imagination and money are needed to change significantly the trend of imprisonment in Britain. The Home Secretary's latest capitulation does not suggest either way to be forthcoming. It is not quite too late to change course. Mr Whitelaw should start, as we argued recently, by releasing some short-term, minor offenders, on an amnesty.

Whatever the prejudices with which he had to contend for much of his life, Admiral Rickover had already become head of the Electrical Section of the Bureau of Ships in Washington by the time of the Second World War, and had already evolved his own style of working. Instead of the administrative role in which he was appointed, in which he approved designs and awarded contracts which were then supervised by field officers, he insisted on making himself personally responsible not only for the construction, but also for the performance of electrical equipment, both under normal and combat conditions. He built up what was described as "the most creative, productive and technically competent section in the Bureau of Ships" and did the same when he became the father of America's nuclear navy. In his pre-nuclear career he had also rendered valuable service to the Royal Navy, and it was his great pride that this was the "British" Government then created him an honorary CBE.

It is, of course, possible that the immediate crisis which has threatened redundancy among university staff will be averted, and the Government will decide to give the universities more time than the three years now allowed them in which to adjust to smaller budgets. The signs are that if the universities can provide convincing evidence that a five-year plan would achieve better savings than a three-year plan (because it would avoid the need for sacking university teachers) and paying them compensation, then Sir Keith Joseph may yet decide to be more accommodating. Even if this were to happen it is important not to allow the question of tenure to be set aside. Any scheme to allow the universities more time to make the cuts demanded of them should be made contingent upon an agreement to review the university teacher's contract of service and the anomalies which now surround the pattern of chartered rights which it incorporates. It would be necessary to consider the alternative of short-term contracts, to safeguard research, and the merits of a uniform redundancy scheme in return for the cancellation of existing rights of tenure.

vision would open up the possibility of abuse — the individual with controversial opinions might be victimized by the invocation of financial exigencies whose bona fides was spurious, just as now, the idle tenured teacher can abuse the present rules by retiring on the job. But there are no doubt safeguards which could be erected to minimize the possibilities of injustice. And if it were once accepted that the matter of academic freedom could be distinguished from an historic though uneven entitlement to uninterrupted tenure, similar protection could be extended to teaching staff in polytechnics and colleges of higher education, whose claim to it is no less valid.

While tenure may entitle a professor or lecturer to compensation if he or she gets sacked, it does not give any automatic entitlement to annual salary increases. Even in the extreme form in which the Privy Council has chosen to enshrine tenure in some university charters, tenure is, therefore, a limited protection in an age of inflation, and belongs to a settled world where private universities, financed from fees and endowments, did not have to discount galloping inflation. When a professor's salary could be guaranteed at a fixed sum from a given endowment invested in the funds or in land, it raised no obvious difficulty to give him unlimited security, and indeed, academic freedom was guaranteed by this means. The extension of tenure to a much larger body of teachers was underpinned by the continuous expansion of higher education over more than a century until now, when the system has suddenly gone into reverse.

Of course, any such pro-

Earlier release to ease prisons

From Lord Hunt
Sir, I do not have the advantage of 46 years in the administration of justice acquired by Lord Justice Lawton (November 27). But as the first chairman of the Parole Board and subsequently as President of the National Association of Probation Officers, I write with some knowledge of the value of statutory supervision and after-care for offenders following a period of imprisonment.

My experience with colleagues on the board and in the probation service convinced me that, as a general proposition, it is in the greater public interest as well as that of the offender for recidivists to serve a part of their sentence under supervision in the community, rather than to stay in prison and be released without conditions or help from the probation service.

This factor of supervision on licence was not referred to by Lord Justice Lawton, yet it has a most important bearing on the matter.

It was certainly the experience of my colleagues and myself on the board, including a number of High Court judges, that petty persistent offenders against property, as well as others serving sentences in excess of 18 months but under three years' imprisonment, benefited from supervision during the middle third of their sentences. What is equally important is the high rate of failure during parole resulting in recall to prison, has been contained consistently within an overall statistic of less than 10 per cent of all parolees.

It was also our experience that the grant of parole even for a few weeks, was more beneficial than a longer stay in prison; in the case of recidivists, that is a recipe for an endless, hopeless cycle of imprisonment with a growing incapacity to cope with life in the community.

In the light of these facts about recidivists sentenced to more than 18 months in prison, it is surely true of those serving shorter terms. I, for one, deeply regret the decision of the Home Secretary, whatever the source of the advice he received, not to make a complete, categorical release under supervision for all prisoners serving 18 months' imprisonment, or less. Such a step would certainly ease the critical overcrowding in our prisons, but it would not — to put it at its lowest estimate — be against the public interest to do so.

Yours faithfully,
JOHN HUNT,
House of Lords,
November 27.

Admiral Rickover

From Lord Zuckerman, OM, FRSE
Sir, Peter Ringle's article about Admiral Rickover (November 16) provides a vivid picture of a remarkable man, whose friendship I have enjoyed, and with whom I have cooperated, over many years. But I must take exception to the description of the admiral as having been a "humdrum competent naval engineer" before he made his name in designing reactors and introducing nuclear propulsion to the maritime world.

Whatever the prejudices with which he had to contend for much of his life, Admiral Rickover had already become head of the Electrical Section of the Bureau of Ships in Washington by the time of the Second World War, and had already evolved his own style of working. Instead of the administrative role in which he was appointed, in which he approved designs and awarded contracts which were then supervised by field officers, he insisted on making himself personally responsible not only for the construction, but also for the performance of electrical equipment, both under normal and combat conditions. He built up what was described as "the most creative, productive and technically competent section in the Bureau of Ships" and did the same when he became the father of America's nuclear navy.

In his pre-nuclear career he had also rendered valuable service to the Royal Navy, and it was his great pride that this was the "British" Government then created him an honorary CBE.

Yours faithfully,
S. ZUCKERMAN,
University of East Anglia,
University Village,
Norwich.

Off beat

From Mr J. D. Liddell-King
Sir, The melancholy report in today's *Times* (November 14) that vandals have badly damaged woodwork at the Old Curiosity Shop in Lincoln's Inn is another example of the consequence of withdrawing the patrolling constables from the streets.

The citizen would be passenger on that Clapham omnibus that falls him, beset by disaffected youngsters, has no hope of such a constable's appearing round the corner.

Yours faithfully,
DAVID LIDDELL-KING,
34 Noke Shot,
Harpenden,
Hertfordshire.

University cuts: which disciplines?

From Dr D. O'Brien
Sir, Professor Wiseman (November 25) only repeats one fallacy with another when, in answer to the Vice-Chancellor of Bristol University, he includes "tolerance" among the benefits to be looked for from a university education in the classics. Bentley and Hausman were perhaps the greatest English classical scholars. Can it possibly be said that either was a tolerant man?

The humanities do not provide a moral or a vocational training. Properly taught, they do inculcate intellectual virtues, but intellectual virtues are difficult to recognise for those who do not already possess them.

This is why the whole debate on university cuts seems so strange when viewed from France, where the new Government, without any of the advantages of North Sea oil, has just increased the subsidies available to pure research into what are happily called the sciences humaines.

There is an intellectual tradition in France which is lacking in England. Frenchmen, even politicians, largely recognise intellectual virtues for what they are: not a direct source of financial profit, nor a means to moral virtue, but an indispensable element none the less in any civilised society.

Yours faithfully,
DENIS O'BRIEN,
Université de Paris Sorbonne,
Centre de Recherches sur la Pensée Antique,
1 Rue Victor Cousin,
Paris Ve,
November 25.

From Mr T. Mervyn Jones
Sir, The modern university has long ceased to be merely an ivory tower for academics. Its colleges today are much involved in industrial production. They undertake research work for the many official research councils and for industrial companies. Some either directly, or by using established companies as their agents, undertake the commercial exploitation of the results of their research.

A number have formed separate companies for these purposes. Rightly they follow the example of the Massachusetts Institute of Technology where Route 128 is an estate of industrial companies making commercial use of the results of their research. One of the best known is the Polaroid camera, a wholly new industry and product that stemmed from the research of one of its staff who combined work in the product-making company while still remaining on the institute's faculty.

Here in Wales our seven university colleges last year together had an income of £5.5m. from research councils alone. One of the professors at our Institute of Science and Technology had his invention of a Placemate robot being produced commercially by an outside company.

Sir David Orr in his recent

Poland near crisis

From Mr Konrad Syrop
Sir, A year ago the world was wondering if the Russians would invade Poland. On your pages Mr Bernard Levin was arguing that a Soviet armed intervention was inevitable, while I pointed out (in my letter to you published on November 6, 1980) that this was not necessarily so, given certain conditions in Poland.

Since then the Polish experiment has gone much further than most people expected, yet the Kremlin, though promising from time to time, has not invaded. Now, however, it seems that the Soviet leaders' patience could soon be rewarded, unless the outside world heeds the appeal for help from Mr Lech Walesa, recently by you last Saturday (November 21). Mr Walesa is asking for emergency food aid to stave off "dangerous social tensions and spontaneous bursts of popular anger". He is not exaggerating the danger of a famine, though he exaggerates what an extent Poland has become an economic disaster area. Not only food and fuel are extremely short, but hospitals are without elementary medical supplies, factories and shops are for lack of spares, and the shops are empty of essential consumer goods. With the harsh Polish

Kosovo sentences

From Mr Harry Hodgkinson
Sir, May I compliment your disturbing report on the Kosovo prison sentences (November 20) with a few relevant statistics?

In the 156 cases for which official Yugoslav press reports are available, the average sentence was eight years. Of the 71 prisoners whose ages are given, the average is 27; of the 81 whose status is also given, 32 are students, 21 schoolteachers and university lecturers, 10 are professional (lawyer, Muslim priest etc.) and eight skilled workers, with eight described as "workmen" and two as "farmers".

It is thus hard to resist the conclusion that the trials were a deliberate attempt to silence, for years to come, the articulate professional elite of the Albanian minority in Yugoslavia.

The point is timely, because

lecture to the Royal Society of Arts (*The Times*, November 10) strongly urged the development of a selective industrial strategy geared to the promotion of high technology ventures. He approved of the moves by the Department of Industry in promoting information technology and the creation of the British Technology Group. The department itself now makes massive grants to keep in production existing industries and, through the development agencies, to encourage new and growth industries, particularly in the "assisted" areas where traditional old industries have been cut and will never regain their former size.

May we hope that the Secretary of State formerly for Industry, now for Education, in compelling the University Grants Committee to impose drastic cuts in university expenditure, will instruct the UGC to exempt from these cuts so much of each university's expenditure as relates directly to their research work for industry and in promoting new industry? This former department could find their admirable work in support of new science based on technological industry set at naught by the destruction of university work from which stems the research now of such proved value to industry and the growth of "winners" in industrial production.

His Prime Minister has declared her full support for all measures to create promising new industries. We cannot garner the rich harvest of new production if the seed corn is destroyed.

Yours faithfully,
T. MERVYN JONES,
Member of Council, University of Wales,
Llandaff, Cardiff.

From Professor A. W. Stanforth
Sir, Readers of the article, "Pressures on the linguists," by Sandra Hampel (*The Times*, November 19) may be interested to learn that there is one university in the United Kingdom offering undergraduate training in interpreting and translating. I refer to the Department of Languages of this university, which has been offering the degree of B.A. Languages (Interpreting and Translating) since 1970. Like the other courses mentioned in the article ours is heavily oversubscribed with, on average, 350 applicants for 29 places.

Sandra Hampel's statement that "language skills are traditionally undervalued" in the United Kingdom seems, alas, to be all too true in view of the recent Government and U.G.C. proposals, which seem to favour the more traditional literature-based courses.

Yours faithfully,
A. W. STANFORTH,
Heriot-Watt University,
Department of Languages,
Chambers Street,
Edinburgh,
November 24.

winter just beginning, the brave experiment to introduce a measure of freedom and democracy in a communist-ruled country is in real danger of collapse.

Time is needed for Poland to sort herself out after the convulsions of the past 15 months, time to allow reforms to become effective and the economy to begin functioning again; above all, time to demonstrate to the people that they can have both a measure of freedom and bread and butter as well. And that time can only be gained by an immediate, massive and concerted programme of short-term aid.

Charitable organizations and many individuals are already doing much, but this is not, nor can it be, enough. Re-scheduling Polish debts and the sales of some cheap surplus EEC food, are not enough either. Only a large-scale international emergency aid effort can save the situation.

It is conceivable that governments and trade unions will be content just to watch the disintegration of the most encouraging movement in the Soviet sphere? Yours faithfully,
KONRAD SYROP,
Flat 5,
15 St German's Place,
Blackheath, SE3,
November 23.

Gordon's 'Dream'

From the Reverend T. M. McCarthy

Sir, The delightful story in today's *Times* Diary ("Salutary humour" November 26) recalled to me the interesting facts that your Khartoum correspondent (Power) possessed Gordon's copy of Newman's *Dream of Gerontius* which, with pencil markings of certain passages, is to be found at the Birmingham Oratory, and, pasted on to one of the presses in Cardinal Newman's room there is *The Times* map of Gordon's movements. So those two minds were at one in that happy time.

The copy of the "Dream" reopens the Oratory through one of the Power family.

Yours sincerely,
T. M. MCCARTHY,
Davies House,
Burwash, East Sussex.

Danger of taste for spy stories

From the Warden of Wadham College, Oxford
Sir, I recently had a disagreeable experience. A journalist from a national newspaper, one that is not ordinarily associated with sensationalism, showed me a draft of an article that he had written, apparently to be published on the following day, which insinuated that I was plausibly suspected of having been a Soviet agent.

There were one or two definitely false and defamatory statements. But most of the article was innuendo. For example, it was rightly stated that I had been interrogated in the early sixties about my relations with Professor Blunt and with other members of the intelligence. But the writer had omitted to say that nearly everyone who had been associated with secret military intelligence in the war, and with Professor Blunt, had been interrogated at that time, and this was a very large class.

The method of the proposed article was genteel British McCarthyism, playing on guilt by association and insinuations of so-called security. I remonstrated with the journalist, a persuasive friend remonstrated with the acting editor, and after an interval we were told that the article would not appear. The newspaper later expressed his regret.

This episode raises questions. Ought not this selling of newspapers with the aid of speculative spy stories to come to an end? Ought not to question the cant about public service when the methods of investigative journalism are applied to people who are obliged by the original conditions of their service to conceal much of what they know? Ought not former members of a security service to be discouraged from hawking stories round Fleet Street, if they are doing this?

Do we want a demoralised intelligence service and demoralised security services? Security and secrecy are intelligently impossible unless secrets, even about the past, are intelligently kept.

Nothing in this letter is intended to imply that the competent authorities should not make every effort, using their appropriate methods, to discover and to neutralise secret agents of foreign powers. Yours faithfully,
STUART HAMPSHIRE,
Wadham College,
Oxford,
November 28.

Infant deaths

From Dr Bruce Elsmore
Sir, Very recently, my daughter lost her 19-day old baby in a cot death. There can be few worse ordeals than for a mother to lose a baby in such circumstances. She suffers intense shock, followed soon by an overwhelming sense of guilt, occasioned by a senseless investigation upon my daughter.

It is, of course, clear that all cases of sudden death must be properly investigated, but unless there is evidence from the pathologist of foul play, it seems quite unnecessary for the police to invade the home of the distressed mother and question her at length. Such action, however sympathetically executed, can only make matters worse. Cot deaths are not caused by suffocation and the cause will not be found by the police at the scene of the tragedy, measuring up the cot and filling in forms. Surely, the police involvement could all take place at a distance. There is a very special relationship between a nursing mother and her baby and, when the baby suddenly and mysteriously dies, the last thing we want is to treat the mother like a murderer. I strongly plead for a change in the current practice.

Yours faithfully,
BRUCE ELSMORE,
22 Roman Hill,
Barton,
Cambridge,
November 26.

State of habitability?

From Mr Esmond Warner
Sir, The suggestion (report, November 24) that Spencer House be restored as a "stately" residence for the Prince and Princess of Wales, née Spencer, is interesting and imaginative. But surely a high proportion of the great doors and their frames were some years ago embodied in Althorp by the late Lord Spencer; with such good taste that you would think they had been there for ever. So that, therefore, Spencer House today is something of a shell.

I am, Sir, your obedient servant,
ESMOND WARNER,
Summer Hill,
Lolworth, Cambridge.

THE ARTS

Television
Amin's legacy

World in Action lives up to its title. In the field of current affairs its teams constitute something of a Foreign Legion, and Granada must surely pay some high insurance premiums. Last week a team produced an excellent report from South Africa on asbestos mining and the toll it takes in African lives; last night the corner of the world under scrutiny was Uganda.

The four-man team entered the country twice: once secretly walking through the bush from the Sudan to link up with guerrillas; once by car from Kenya. Neither could have been other than a hazardous journey for, long after the departure of the ignominious and absurd Amin, slaughter continues. Several British journalists have been expelled in the last few months by President Obote's government, which has, since the disputed elections, failed to bring law and order to the country but obviously does not want the extent of that failure to be widely known.

Refugees, estimated at 250,000, mostly poor farmers, have fled to the Sudan and Zaire where many now face death from starvation. It was in the Sudan that the Granada team visited refugee camps and heard the grim stories of atrocity. From this and further testimony inside Uganda, where whole villages are deserted, it appears that Obote's rag-tag army is out of control, murdering, raping, torturing and looting.

Even the capital, Kampala, suffers the Army's rampages with the steady sound of gunfire by day and night, and no less a witness than the Anglican Archbishop testified that the killing was worse than during Amin's regime. Round the capital soldiers at road-blocks compensate for their lack of pay by exacting a toll from travellers and savaging those who cannot pay.

In Northern Uganda, troops conduct a tribal war, visiting the sins of Amin on his luckless fellow tribesmen who were far from the scene of his actions, while in the North-West former soldiers of Amin, who now say they have no wish to renege him but only to obtain new elections, dominate the country.

It seems from the *World in Action* report that its title, *Bleeding to Death*, is amply justified. The intrepid team producer Michael Beckham, researcher Michael Gillard, cameraman David Oddy and sound man David Woods — are to be congratulated.

Dennis Hackett

United States galleries
Resolute eye on the recent past



Flash and outrage: Fischer's 'The Blue Zebra'

Never mind about "trends"; just tell us what is on. Excellent advice, I would say, especially since, in some sense, critics always invent trends anyway. But, faced with the multiplicity of art shows in any sizable American centre at any given time, it is not easy to put into practice. The urge to make overall sense of what one sees, to find some underlying pattern, is too strong. And it so happens that such a pattern does present itself in the present activities of the main museums and galleries in Chicago, Washington, and New York: the three centres I have recently visited.

The gaze seems to be resolutely retrospective, but on the whole towards the recent past, such as may be of use in helping us make sense of the present, rather than towards the wonders of the ancient or medieval world. (Though I must admit that the Metropolitan's big art of the 1920s show in New York until January 10 is a stunning exception, transporting us enchantingly to a world where the elegance of the artefacts belies the bloody history.) It is perhaps not too imaginative to see this interest in the development of twentieth-century art in America and Europe, as a natural counterpart and reaction to an evident lack of direction in the new art on display.

In Chicago there are still traces of the strong local flavour established a few years ago by the "Hairy Who" group and their fellow-travellers: flash and outrage are the predominant notes, and an interesting new entry is Bob Fischer, apostle of "Bizarro", whose thin, stone-studded paintings of figures from pop culture are on show at the Pavilion for the Arts, N. Wells Street, until the end of the year; he appears to have more solid talents than most when he gets tired of being studiously outrageous. In Washington the taste seems to go mainly for various kinds of very detailed realism; safe art for senators, maybe. In New York the SoHo galleries are as usual going in all directions at once, but the most evident new move is a kind of revival in Abstract Expressionism, not only has the time for renewed interest in the great originals come round, but a certain nostalgia is manifesting itself, improbably enough, for the 1950s as a safe, established time when the New York School was definitely top of the heap and New York itself took unquestioned lead in world art.

In such a context, all the shows devoted to the twentieth-century classics of American art make a special sense. In Chicago, for instance, the Edward Hopper show, seen in a truncated form over here earlier in the year, has resumed its American career restored to full strength at the Art Institute, and moves on to San Francisco Museum of Modern Art on December 17. Chicago's Museum of Contemporary Art has, until January 3, a retrospective of Charles Gurnsey, centred on his series of "Circles and Towers Growing", miniature clay constructions charting the rise and fall of an imaginary civilization of "little people", meticulous but a bit too cute for comfort.

Right next door, however, at the Gilman Galleries, is a long-overdue retrospective of Boris Anisfeld (1879-1973), a Russian Symbolist and early Dadaist designer who settled in Chicago and became an influential teacher during the second half of his long life, moving in his painting from brilliantly coloured subjects from Russian legend, by way of pale, suave, rather Deco compositions between the wars, to equally colourful evocations of life in the Old West, fantasized in a manner slightly suggestive of Chagall.

In New York I caught the tail-end of a show devoted to the rediscovery of an even longer-lived painter and teacher, John R. Grabach, who was born in 1880 (though some sources say 1886) and died earlier this year, still busy teaching in his hundredth and second year. As an active painter for nearly 80 years, he naturally moved through various styles, including early impressionism, a socially-conscious phase akin to Bellows, a period of monumental symbols and some late and indefinite landscapes. Well worth the effort of the Graham Gallery, Madison Avenue, to unearth; but then, they specialize in such operations, and by now have on an equally revealing show of hitherto unknown landscape watercolours by the cartoonist John Held Jr.

The main museum show of recent American work, that devoted to Roy Lichtenstein in the last decade at the Whitney (then from December 16 at Fort Worth), is disappointing: a lot of ingenuity has been expended on these reworkings of twentieth-century masters in Lichtenstein's unmistakable style, but one does come out wondering slightly why he bothered.

Clearly far more inspiring for today's painters must be Krasner, Pollock, A Working Relationship at

vivid puppets she made for a 1913 stage production of Gozzi's *König Hirsch*, or the boldly conventionalized portrait of her husband, are among the most charming works of that whole avant garde.

There remain the two blockbuster shows devoted to aspects of twentieth-century art in Europe, Art of the Avant Garde in Russia, selections from the George Costakis Collection at the Guggenheim Museum in New York until January 3, and Rodin Rediscovered at the National Gallery of Art, Washington, until May 2. The story of the Costakis Collection is so curious it may draw attention away from the works themselves: Costakis, a Russian-born Greek, began collecting works of the early Soviet revolutionary avant garde in the darkest days of Stalinist disapproval, being apparently the only man in Russia then interested, and by the time he emigrated to the West in 1977 with about a fifth of his collection (the rest went to the Tretyakov, which 25 years earlier would hardly have deigned to spit on it), it numbered many hundreds of pieces. At a stroke, they transform our view of Russian Art in the 1920s, introducing us to many other strains of avant-garde thinking than the familiar Malevich-Tatlin-Rodchenko line.

In particular, there is a school of mystical/transcendental free-form abstraction headed by Matiushin and four members of the Ender family (all of whom were deeply involved with music as well and concerned with the relationships between the media), the brilliant and versatile Kliun, and the Suprematist Rozanova, who turns up astonishingly painting (far more beautifully) a perfect Barnett Newman, *Green Stripe*, in 1917. It is seldom indeed that a single exhibition requires us to rewrite a whole section of art history, let alone have such a good feeling for it. (All the Western collection as such as can be documented of Tretyakov holdings are full catalogued and illustrated, mostly in colour, in a superb volume just published in this country by Thames and Hudson at £28.)

As for Rodin: why does he need rediscovering, you might well ask. But to roge through the four floors of the National Gallery's new block allocated to the show is to realize how far we usually take his standing for granted, without testing it against actual experience of the work. Almost everything of any importance he did throughout his long working life is here, in one version or another, with a gloriously stuffy recreation of an 1870s Salon to set the scene for his arrival and a startling range of twentieth-century sculpture to show the influence he exerted even after his death.

The evidence of the show is overwhelming: Rodin is the greatest sculptor since Michelangelo, with a joyous inventiveness and sheer technical virtuosity which defy comparison. Just one room — that which contains the *Gates of Hell* and all its offshoots — would be enough to make anyone else's reputation ten times over. It is a sad conclusion that nowadays only the resources of a major American museum could put such a show together, and if we are to see it the only thing to do is hop on a stand-by or confide ourselves to Freddie Laker. Even so, it is likely to be cheaper than going to Berlin, Rome or Madrid, and culturally just as well worth it.

John Russell Taylor

Interview



Kupfer: controversy unimportant

Making people react

Harry Kupfer, recently appointed Director of the Komische Oper in Berlin, is used to trailing clouds of controversy behind him. His first two productions in Britain, *Elektra* and *Fidelio*, both for the Welsh National Opera, prompted delight and outrage in just about equal proportion. His *Flying Dutchman* at Bayreuth in 1976 was a slice of operatic history, although audience attitudes changed considerably when it was revived, just as they did to the once-derided Chereau *Ring*. Kupfer's first production for London, *Pelléas and Mélisande* at the Coliseum, inevitably opened to mixed reactions, although by his own standards it is quite a mild interpretation.

Kupfer, a slight, flaxen-haired and apparently undogmatic man in his early forties, denies that he seeks to provoke. "Having the reputation of being a controversial producer is utterly unimportant to me. But I do like to see a public reacting and fighting between themselves over whether to approve or disapprove. Of course I cannot please everyone, and I don't set out to. But I do see the theatre as a forum to discuss the problems all of us face."

It has been suggested that Kupfer saves many of his surprises for Western Europe, but the first production he mounted as Director of the Komische Oper, *Die Meistersinger*, was totally unrealistic. He used a single set of a tree on a revolving stage with various rooms placed in its branches. He is reluctant to comment on the quality of his own work, but he does admit that for once the audiences appeared to relish the comedy in Wagner's opera.

The formative influence on Kupfer was the Komische Oper under Walter Felsenstein. "I grew up in Berlin and it was the chance of seeing him at his peak that made me want above all to be an opera producer. Otello, *La traviata*, *Die schweigsame Frau*... these were the operas that shaped my mind. I have to admit though that I first saw Pelléas when I was 14 at the Stadtsoper, a very conventional staging, as I recall, although there was a young Schlemm, an artist I admire hugely and whom I've often worked with, as Ynold. We used to say that you went to the Stadtsoper to hear a concert in costume and to the Komische Oper to go to the theatre."

"It's always been assumed that I was one of Felsenstein's assistants. I never was, but we did become great friends. He attended my productions, usually at a late stage of rehearsal, and criticized them minutely. Now I am a bit of his spirit every day, spurring me on to the standards I am trying to achieve. I share his love for Offenbach and the next one of his operettas we put on I want to direct myself. And I cherish too, the unique relationship that he built up between the tiny stage of the Komische Oper and the audience."

Kupfer has never staged *Pelléas* in Berlin, but he did mount it in Dresden, where, as at the Coliseum, the stage was dominated by a great, hovering black bird. In other respects the Coliseum scenery by Reinhard Heinrich is much more abstract: two brightly lit movable greenhouses have replaced the romantic ruins used in Dresden. Kupfer is reluctant to explain his images lest he conditions audience response, which he believes should be totally individual. But he does admit that the bird could be seen, among several other things, as fate pressing down on the characters of the opera.

"I have never regarded *Pelléas* as a fairy story. Allegory perhaps, but not a fairy tale. It is the most important of the turn-of-the-century operas and what attracts me to it is that it sums up — and even sublimates — the neuroses of the time. Everyone in the opera is a captive of self-imposed isolation. They are so frustrated that they are frightened to touch one another; those who allow their skins to meet do so with the greatest reluctance."

"We have a word in German, *Erfenheitum*, which goes right to the centre of *Pelléas*. It translates exactly as 'ivory tower'. The relationship of the principal characters in their ivory towers to the world outside is crucial. They all lead abnormal lives. The atmosphere is very close to Thomas Mann's *Der Zauberberg*, with its metaphors of the illness of the time and its men and women reluctant to leave the isolation of the sanatorium."

"*Pelléas* is a typical fin-de-siècle piece and I hope we have placed it in the Masterpiece era while providing the occasional bridge back into the past as well as up into our own day."

John Higgins

LSO/Svetlanov

Festival Hall

On a recent visit to London, Yevgeny Svetlanov conducted Elgar's second symphony. On Sunday afternoon he and the London Symphony Orchestra, with its chorus and soloists, gave us Elgar's *The Dream of Gerontius*, and will repeat it this evening in the Festival Hall.

It was clear at once that Svetlanov knows and loves the work; the full, carpeted Elgarian orchestral sound was grandly reproduced, and cared for, by conductor as well as orchestra. He was attentive to the varied colouring of the choral music, in for example "Praise to the Holiest," and obtained a brilliant instantaneous blaze of blinding light at the moment when the soul of Gerontius meets his Maker. The final chorus of the first part, in which the Priest and the dead man's mourners set the dead man's soul on its momentous

journey, was grandly and deliberately muffled. Ultimately, though, it was a boring performance because Svetlanov was content to contemplate the nobility of the music, at the expense of the dramatic energy which makes *Gerontius* stand out among Victorian British oratorios. The pulsating red blood which Elgar inherited, creatively, from Handel via Wagner's *Parsifal*. The Demons' Chorus should snarl and bite and blaze, but it plodded. The Angel's Farewell, reverently delivered by Helen Watts, was beautifully unfolded under Svetlanov's direction, but the underlying pulse was not strong enough to attract attention through to the end.

Elgar's part-writing for orchestra and voices is elaborate in *Gerontius*, and every strand has something to contribute. Svetlanov ardently appreciates this, but he held his forces on a part, in which the Priest and the dead man's mourners set the dead man's soul on its momentous

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filled episodes and narrations by which the tale progresses. The brightly coloured energy which imparts to the playing at times blunted the edges of a phrase, overheated a crescendo, and made us aware of the Queen Mab Scherzo rather more as an orchestral showpiece than as a turning of the light fulcrum.

As a result, the final reconciliation, the point at which the families sing quietly beneath Friar Lawrence's prayer and his own aria, the first truly subjective vocal expression in the work, seemed less moving than it can be.

John Paul Bogart projected the Friar's part with good unprogressive conviction, and Martyn Hill, replacing an indisposed Robert Tear, sang his Scherzo with sharply defined, bright imagination. Julia Hamari captured most effectively the tender yet detached sympathy of the narrator. The Edinburgh Festival Chorus and London Choral Society seemed less at ease in their roles, the Prologue's semi-chorus sweet but flat, the offstage revellers coarsely realistic to the point of intrusion.

But they emphasized the more the supple beauty of the violin and cello playing which follows, searching for the love theme, this and some exquisite oboe and clarinet solos made memorable a performance more effective in its detail than in its overall conception.

Hilary Finch

ECO/Menubin

Queen Elizabeth Hall

The ECO reached Salzburg on Sunday in their series that follows Mozart, in a chronologically rather erratic fashion, around Europe. All Mozart's violin music belongs to his Salzburg years, so it was a happy idea to have Yehudi Menuhin take charge. Happy, too, to slip in an extra item: with violin and viola soloists on hand for what is arguably Mozart's finest piece of ensemble playing, it was easy to represent his last visit, in 1783, to his native city, by adding one of the duets he produced there.

The earliest item, from just 10 years before, was a divertimento. It would have been kinder to this little piece, K 205, to use just a solo violin and viola there, along with bassoon, double bass and the relation pair of horns, not just because that is what Mozart intended, but because instrumental multiplication always involves aesthetic subtraction in such cases: the massed violins produce a galumphing effect, however neatly they play, in the rapid passage work, and the Adagio's personal flexibility of expression is forfeit.

Mr Menuhin played affectionately in the G major Concerto, with a sweet golden tone of much vitality and warm sustained lines in what was a rather rhapsodic ending of the Adagio. Once or twice the bow moved tensely

Philarmonia/Muti

Festival Hall

In the last movement of Beethoven's *Roméo et Juliette*, Friar Lawrence has two short, blunt, unaccompanied phrases: "Je vais dévoiler le mystère" and "Voilà toute la vérité". His succinct narration to the Montagues and Capulets and to us of the marriage and death of Roméo and Juliette epitomizes the most remarkable quality of this work: that this vast "symphonic dramatic" is, right until the end, a masterpiece of distancing and understatement.

Beethoven makes it clear in his Preface that the last scene alone belongs to opera. (Riccardo Muti, who and the Philharmonia did not quite resist the temptation to dramatize too soon the dis-

Tate Gallery
Millbank London, SW1

Winter Programme of Exhibitions

Patrick Caulfield
Until 3 January 1982
Admission 60p

Turner & George IV in Edinburgh
Until 13 December
Admission free

Six Printmakers
Until 28 February 1982
Admission free

Monday - Saturday 10-6 Sunday 2-6
Closed 24, 25, 26 December, 1 January
Recorded information 01-521 7125

Debuts
London

Last week's two newcomers were both pianists. The Bulgarian Svetla Prusich was likely poised and unhurried, with the ability to produce sound as luminous in cantabile as it was full and ripe in chordal texture. But her affectionate care for detail was sometimes devastating. The first movements of Beethoven's "Waldstein" and Schubert's posthumous B flat Sonata both needed more rhythmic élan. Small memory lapses and slips in Schubert's last two movements were less disturbing

than Miss Prusich's reprehensible cuts in the finale. The slow movement of each Sonata was richly expressive. For Mozart's "Dunport" variations she found a telling naturalness of phrasing. Novot's neo-Rachmaninovian Five Miniatures confirmed her as an undemonstrative musician with an ear for sonority per se.

Patricia Flory, from Lincolnshire, gave two little thought to refinements of touch. That Faure and Debussy lived in a different sound-world from Beethoven did not concern her. Even Haydn's E flat Sonata and Impromptu by Schubert

The Royal Ballet
at Covent Garden

CONCERTO
Dec 3, 5, 8, 19, 31 at 7.30 Dec 19 at 2.00
Written, Eragling, Collier, Wall, Chadwick (3 Dec)
Written, Eragling, Collier, Wall, Chadwick (3 Dec)
Page, Penney, Rosato (3, 5, 8 Dec)

ILLUMINATIONS
First performances by The Royal Ballet
Page, Penney, Rosato (3, 5, 8 Dec)

AFTERNOON OF A FAUN
Brid, Page (3, 5, 8 Dec)

NAPOLI
Collier, Wall (3, 5 Dec) Whitten, Joffe (8 Dec)

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Queen Elizabeth Hall

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Festival Hall

Debuts

London

Turner & George IV in Edinburgh

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Monday - Saturday 10-6 Sunday 2-6

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Recorded information 01-521 7125

§ Forward bargains are permitted on two previous days

هكذا من الأهل

Business News

THE TIMES Tuesday December 1 1981

GARRARD
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Co-op Bank to pay on current accounts

By Adrienne Gleeson

The Co-operative Bank is about to burst the banking dam by paying interest on current accounts—a move that will force the other clearing banks, which have been resisting such a change, to follow suit.

Co-operative customers are likely to be given a choice, early in the New Year, between maintaining their existing "free" banking and opening one of the new interest-bearing accounts on which they will have to pay bank charges.

The Co-op used to offer interest on current accounts some years ago, but at a purely nominal half per cent per annum. The new interest rate could be in the region of 7-11 per cent before tax.

The clearing banks will find it difficult to match the rate to be paid by the Co-op without either "increasing" their charges, or allowing their profits to suffer. Barclays said last night that although there were no immediate plans for an interest-bearing current account, it was "convinced" that payments on current accounts are inevitable in the longer run.

However, the scheme would have to be offered to customers on an optional basis, because a significant number did not wish the Inland Revenue to know how much they held on current accounts—and this would become obvious if interest were paid on current account balances.

Lloyds and NatWest also agreed that interest on current accounts was under consideration, although both claimed that the available evidence suggested that customers preferred the present system under which none receive interest but very few pay bank charges.

With the exception of the Co-op, the clearing banks insist that customers should pay for the service when they debit their account, if their balance falls below a minimum sum.

The big four clearing banks reckon that around 70 per cent of all their personal customers pay no bank charges at all, and over 90 per cent of those who keep their accounts in credit are never charged for current account services.

They have, however, been heavily criticised in the past for paying nothing for the use of current account balances, which are believed to make up about 40 per cent of their total deposits.

Co-op's decision will also pose a problem for the building societies. Although the Co-op is unlikely to pay as much as the building societies, and tax will be charged on the interest that it does provide, the range of services to which an interest-bearing current account gives access is far wider than that provided by the building societies on their three or four deposit accounts.

It will pay Co-op customers who use their accounts heavily and have relatively little cash in them, to stay with the existing "free banking" account. But those who keep a substantial amount in their current accounts and use it regularly will do better to go for the interest-bearing account, even though they will have to pay bank charges in full on every transaction.

Business Feature, page 17

Hongkong rebuffed by Royal Bank

By Peter Wilson-Smith
Banking Correspondent

The Royal Bank of Scotland has vigorously attacked the merger proposals of the Hongkong and Shanghai Banking Corporation and repeated its preference for a merger with Standard Chartered Bank.

The Royal Bank says that a takeover from Hongkong would be against the public interest. While a merger with Standard Chartered would both strengthen the competitive position of United Kingdom banks and give the Royal Bank a strong worldwide branch network, a merger with Hongkong Bank would achieve neither, it says.

The respective bids for the Bank from Hongkong Bank and Standard Chartered were referred to the Monopolies Commission last May. The Commission's report is expected to go shortly to Mr. Geoffrey Howe, Secretary of State for Trade.

In order to prevent his recommendations leaking out, the Commission is understood to have had two reports prepared with opposing conclusions.

This latest public statement from the Royal Bank will fuel the political debate over the bid. The Bank of England is strongly against the Hongkong Bank's bid and in favour of Standard Chartered.

Both the Foreign Office and the Department of Trade are against blocking the Hongkong Bank's bid for fear of damaging trading links with the Far East.

Echoing some of the arguments put forward by the Bank of England, the Royal Bank says that merger with Hongkong Bank could threaten the Bank of England's informal control of the banking system. However, a merger with Standard Chartered would reinforce the bank's authority and would create a bank fully in line with the interests of the British economy.

The Royal Bank also argues that it would occupy a subordinate position within the Hongkong Bank group.



Mr MacGregor, right, listens to Mr Ken Groves, EuroRoute's Chief Executive.

Bonds may finance Channel link

By Peter Hill, Industrial Editor

Mr Ian MacGregor, chairman of British Steel Corporation, yesterday disclosed that an American-style bond issue, scheme was being examined to finance construction of the planned £2,800m Channel crossing link being advocated by BSC.

The bond issue idea for financing what he claimed was the most cost-effective scheme among eight put forward by the French and British Governments emerged during a presentation to launch the seven-member partnership headed by BSC.

The consortium which has been joined by British Shipbuilders—which would hope to play a key role in building the road-rail tunnel link called EuroRoute—together with a number of large civil engineering concerns is also expecting French companies to join in the next few months.

In its submissions, the EuroRoute group plans two wide road links coupled with a rail tunnel capable of carrying rail-borne lorries. A key feature of the scheme would be two 3.5km long underwater French coasts from which the tunnel link would run under the shipping lanes.

Partners in the scheme include Fairclough Construction.

Mr MacGregor said that the scheme is big in concept but simple in construction—there is nothing new or untried in the technology which is involved.

He expected that there would be no difficulty in attracting private capital to finance the venture, although France's Socialist government, if it were to support the project, would be expected to finance it with public funds.

Emphasising that EuroRoute would not involve British taxpayers, Mr MacGregor said he favoured a bond issue modelled on similar issues made in the United States for such links.

Lazards, the merchant bankers involved in the scheme, have already undertaken studies into the feasibility of issuing what would probably become known as "Brunel Bonds". They would be issued at various stages during the construction period and for periods of between 20 and 25 years.

Interest would be recovered from tolls levied from users of the Brunel which, he said, would be competitive with those charged by existing ferry operators.

Government money, he said, would only be required, if the scheme once started was based on Whitehall instructions, when it would be expected that the Government would be required to pay compensation. To prevent that, however, the partners would seek a clear warranty from both governments that the scheme, once approved, would continue unimpeded.

Originally the Government indicated that it would announce a short list of candidates by the end of this year.

The French election earlier this year has disrupted that timetable and after the Anglo-French summit, officials from both governments have become involved in joint studies to determine whether a scheme could be developed. It is now expected to be spring before a decision in principle is announced.

US set for trade curbs on Japan

From Bailey Morris,
Washington, Nov 30

The United States is prepared to initiate a second round of trade restrictions against Japanese products unless the Government in Tokyo takes significant steps early in the new year to open its markets.

As in the past, when the Japanese car imports were negotiated, the new trade restrictions are expected to be initiated by Congress with the strong support of the Reagan Administration.

This is the consensus of a group of leading American trade officials interviewed by The Times on a review of United States trade policy.

Their remarks indicate clearly that, because of a mushrooming trade deficit in the past few months, relations between Japan and America are again heating to boiling point and that not only damage relations between the two commercial powers but also further strain United States-European trade ties.

American officials made it plain that, whatever action is taken, it will be bilateral in nature and not multilateral.

Mr Lionel Oiler, United States Under-Secretary of Commerce for International Trade, summed up the group's sentiment when he said: "Yes, we believe the Japanese trade problem is again serious and, yes, we believe the targeting of markets by the Japanese continues."

But no, we will not engage in a multilateral effort to correct the problem."

Mr Oiler indicated that Congress had already provided the Reagan Administration with sufficient ammunition to halt the new Japanese trade offensive.

The arsenal includes everything from a proposed omnibus reciprocity package against the Japanese, to local content requirements establishing required percentages of American-produced goods to be included in Japanese products sold here, to voluntary export restraints similar to those negotiated against Japanese motorcar imports.

Congress is likely to press ahead with any one of these weapons if the Japanese do not take some substantial new action to open their markets to western produced goods, Mr Oiler said.

To underscore the seriousness of American concern, Mr Baldrige delivered a letter by hand to the Prime Minister from 31 avowed free-traders in the House of Representatives.

The letter, made available to The Times, says in firm but nonetheless polite terms that unless the Government reversed its "buy Japan" policies, "Congress will be unable to prevent a new wave of measures designed to protect American workers."

Japan's production and exports of colour television sets and videotape recorders continued their steady rise in October.

Japan's exports of cars, trucks and buses totalled 470,803 units in October, a 7.1 per cent drop.

Scrutiny on state sector increased

By Hugh Noyes

The efficiency of nationalised industries is to be examined more closely as a result of new arrangements for increased scrutiny by the Monopolies and Mergers Commission, announced yesterday by Mr Nicholas Ridley, Financial Secretary to the Treasury.

The Government was fully aware of the concern of the Public Accounts Committee about the need to promote the efficiency of the public sector of industry. To achieve this, there would be a change from four to six of references made each year to the Commission. Under the new system, each nationalised industry will be examined by the Commission at least once every four years.

The new arrangements are made possible by the legislation in 1980 giving the Commission new powers to investigate the industries. Four studies have been completed since the 1980-81 financial year, the Severn-Trent Water Authority, the Central Electricity Generating Board and British Rail commuter services.

Parliamentary report, page 6

Investors lose heavily on Nimslo's City debut

By Ronald Puller

Investors in Nimslo International, developers of the 3-D camera, suffered heavy losses when the shares made their debut on the stockmarket yesterday.

The 7.5 million new shares went on offer at \$4.25 each, equivalent to 22p when the money was committed last month. Against this offer price, the shares opened at 210p on the Unlisted Securities Market, and closed the day 32p lower at 178p.

Even at this level, however, the price is still valued at more than \$190m. Not only does this make it by far the largest company traded on the USM—a Stock Exchange dealing category for companies unable to justify a full listing at \$1.00—it is also worth a good deal more than many household names, ranking with Tesco or Courtauld.

Indications that the shares would not meet the rapturous reception given to them in the year to last June, when deal-makers were stopping pending the issue of the 3-D camera, the launch of the various operating companies into a single holding group, came last week when there were hiccups in the underwriting.

The company has also come

Economists agree 1982 growth will be sluggish

By Melvyn Westlake

Sluggish growth and double-digit inflation are expected next year by most business economists. More than half of the 140 members of the Society of Business Economists believe that the British economy will expand by 1 per cent or less in 1982, leaving two-thirds of them think that prices will rise by between 10 per cent and 12 per cent.

These views emerge from a survey of economists working in the public, private industry, civil service, nationalised industry and consultancy bodies. The survey, conducted by the Society of Business Economists, shows that earnings are not expected to keep pace with prices. Some 85 per cent of the economists believe that earnings will rise by 10 per cent or less in 1982.

Similar predictions come from the Short-Term Forecasting Group.

Mr David Kern of the National Westminster Bank, who is secretary of the group, said yesterday that the consensus emerging from both exercises (the survey and the forecasts) is that the deep United Kingdom recession has come to an end, but any upturn in 1982 will be very modest.

The Short-Term Forecasting Group predicts a 4 per cent rise in the economy next year, and a 2 per cent expansion in 1983. Inflation will remain above 10 per cent during both years. According to this forecast, the current account of the balance of payments will be in surplus both years, the surplus falling only slightly from £2,000m in 1982 to £1,800m in 1983.

The forecasts and the survey, which are broadly in line with predictions from other economic bodies, come on the eve of the Government's Budget statement and the Treasury's own forecasts.

The survey shows that most

Index shows US industry still in decline

From Our Correspondent, Washington, Nov 30

The United States index of leading economic indicators dropped for the third consecutive month in October. At 1.8 per cent the decline reflected the continuing industrial downturn in America.

Unemployment rose sharply during the month, confirming the deepening recession, while building permits plummeted. The layoff rate, which stood at 23 workers per 1,000 in October, has more than doubled in the last three months and is up sharply from the level of 17 workers per 1,000 in September.

Dealers reported some selling of sterling by the Bank of England early on.

The pound later fell back to close 15 points down from Friday at \$1.9550 as the dollar picked up despite news that the American leading indicators for October.

Meanwhile, stock prices and prices for crude materials rose during the month, as did the average workweek and the money supply adjusted to inflation.

Mr Robert Otmer, chief economist for the Commerce Department, said the October decline was expected and reflects both the current business conditions and that which is likely to develop over the next few months.

Stock Markets

FT Index 537.8 up 4.4
FT Cils 64.73 up 0.33
FT All Share 315.14 up 1.59
Bargains 19,835

Sterling

\$ 1.9550 down 15 points
Index 91.8 down 0.1
New York: \$1.9662

Dollar

Index 104.9 down 0.4
DM 2.2137 down 28 pts

Gold

\$409.00 down \$3.50
New York: \$408.40

Money

3 month sterling 151-15
3 month Euro \$ 1134-1214
6 month Euro \$ 121-121

PRICE CHANGES

Rises

AKZO	20p to 45p
Barclays Bank	5p to 25p
Bentley Group	8p to 65p
CR	13p to 18p
French T	7p to 95p
Galfrid Brinsley	5p to 55p
Hanson Trust	7p to 27p
Kent MF	7p to 75p
Lloyds Bank	8p to 45p
Lowell Ridge	7p to 23p
MK Electric	13p to 25p
Midland Bank	8p to 34p
NTD (Nangus)	5p to 25p
Nanger Oil	15p to 47p
Old Scientific	15p to 53p

Falls

Ass Fisheries	3p to 65p
Atlantic Resc	5p to 22p
Berkeley Exp	7p to 25p
Brecon Trust	5p to 55p
Eng Assoc Gp	8p to 15p
Geers Gross	8p to 110p
ICI Portland	10p to 19p
Jardine M'ron	2p to 16p
Lap Corp	5p to 48p
Leeds Leds	5p to 85p
NCC Energy	4p to 86p
Poly Pack	8p to 34p
Rothschilds	5p to 25p

Pound hits \$1.97

The pound soared to \$1.9750 at one stage yesterday as traders continued to be attracted by high United Kingdom interest rates.

Dealers reported some selling of sterling by the Bank of England early on.

The pound later fell back to close 15 points down from Friday at \$1.9550 as the dollar picked up despite news that the American leading indicators for October.

Barclays open 'eyes' in China

Barclays Bank International yesterday inaugurated its Peking representative office in a move which has been described as having long-term commercial implications.

The office will work as a channel through which Barclays hope to initiate or assist business between China and any of the other countries where the bank has branches and representative offices. It will also be "our eyes in China", Mr Lambert said.

Oil revenue

Government revenues from oil will amount to £11,285m in 1981-82, 40 per cent up on the yield of £8,070m in 1980-81, the Treasury forecast in a parliamentary answer yesterday. Of the 1981-82 total, £5,260m will come from royalties, petroleum revenue tax and supplementary petroleum duty on North Sea oil, £620m from corporation tax on North Sea operations, and £700m from excise duties and £700m in Value-added tax.

BUSINESS BRIEFING

Buyers shake tin market

For the third trading day in succession, the London tin market has reeled under the impact of heavy producer buying of spot metal. By the end of business yesterday, this buying had forced a backwardation—when spot is dearer than forward—of £418.

Cash tin fell by £140 a tonne from Friday's closing price to \$8,355 a tonne. But under the combined impact of buying of cash metal and selling of forward tin the three months' price collapsed from \$8,465.50 a tonne on Friday, where it was \$30 below spot, to \$7,937.50.

Forward commodity prices

Oil licensing attacked

The Government should scrap the licensing system for North Sea oil exploration and offer joint ventures to persuade companies to extract maximum oil reserves, a former adviser to the Department of Energy told a parliamentary select committee yesterday.

Professor Peter Odell of Erasmus University, Rotterdam, told the energy committee that control by the Department of Energy of field development was equivalent to a depletion policy, and the tax regime effectively discouraged development of marginal fields.

He also challenged the "simplicity" Department of Energy view that oil prices would continue to rise by about 3 per cent a year until the oil ran out.

Trafalgar decision

The future of Express Newspapers is understood to have been high on the agenda at a late afternoon board meeting of Trafalgar House yesterday (Ronald Puller writes).

The property, shipping and publishing group has now decided either to separate the newspaper and publishing side of the group or to pursue a merger with the 1981 Finance Act or to sell off these interests completely.

There was some speculation yesterday that Trafalgar would still like to merge its newspaper interests with those of the rival Associated Newspapers.

Financial Editor, page 17

£1m option on mine

Billiton, the mining subsidiary of Royal Dutch Shell, has offered to buy an option on the 50 per cent stake held by Hemerdon Mining & Smelting in the Hemerdon tungsten mine, near Plymouth. The option would cost £1m and the buyout price would be a further £4m. The deal is recommended by the Hemerdon board. The mine, due to begin production in 1983, could meet 25 per cent of Britain's tungsten requirements.

27.9m shares go to Mobil

Mobil said about 27.9 million Marathon shares were tendered in response to its offer by November 22. Marathon has about 60 million shares outstanding.

Of the shares tendered by Saturday, Mobil noted about 24.5 million were offered by midnight November 24, and will be purchased if not withdrawn by Mobil's offer is successful.

Those tendered after November 24 to midnight December 4, will constitute a second pool for pro-rata purposes if more than 30 million shares are tendered to Mobil by that time.

Mobil is offering \$125 a share for 30 million Marathon shares, while US Steel is offering \$125.

£160m Nigeria college deal

Mitchell Cotts, the overseas trading group with big interests in South Africa has won business worth £160m to build a college of technology and an institute of mining and metallurgy in Ewurra State, Nigeria. It is believed to be the biggest deal to be signed between Britain and Nigeria.

Work will start early next year and should take three years.

Morgan Grenfell, the merchant banker, is arranging the financing which will include the provision of a United Kingdom Export Credit Guarantee Department-backed buyer credit facility and a Euro-dollar loan.

Nigeria is now the largest export market for the United Kingdom after the EEC and the United States.

A pocket cardiograph

A cooperative research and development effort involving Edingburgh University and Reynolds Medical, a small British firm, has produced a new lightweight medical instrument that monitors the activity of a patient's heart continuously for 24 hours.

The Tracal ambulatory recorder uses a standard C-90 tape cassette running at slow speed to record a continuous electrocardiograph as the patient eats, sleeps, works and exercises. Any significant irregularities in the heartbeat or electrical activity can then be detected rapidly by running the tape at high speed through a computer.

UNILEVER NV

Certificates for ordinary and 7 percent cumulative preference shares issued by Unilever NV (Netherlands) Trustantoor (Netherlands)

Following the notice by the Board of Directors of Unilever NV of an extraordinary general meeting to be held on 10th December 1981 and of a separate meeting of the holders of ordinary shares to be held on 14th December 1981, the following certificates have been submitted to the Equidistribution Agreement dated 28th June, 1968 between Unilever NV and Unilever TIG formerly called Unilever Limited, and subject to adoption of the agreement proposed to amend the articles of association—Netherlands limited liability companies, in conformity with article 13 of the Trust Conditions under which the certificates are issued that in respect of the shares it holds in Unilever NV, subject to mutual benefit, it intends to vote at the said meetings in favour of the proposals.

On the instructions of holders of Unilever certificates who wish to vote against the proposals set out in the notice following paragraph 1 (hereinafter referred to as a "vote") in accordance with such instructions in respect of shares held by each holder of the close of the meeting, the following certificates have been submitted to the office of the Equidistribution Agreement dated 28th June, 1968 and must either deposit their certificates (or the said office) after the close of the relevant meeting in return for a receipt or submit a "dispositive receipt" issued by a member of the "Vereniging van de Nederlandse" (Netherlands Trading Association) meeting the date, number and denomination of the certificates deposited with each member.

If holders of Unilever certificates wish to exercise voting rights at the meeting either in person or by proxy appointed in writing, Unilever NV will exchange such certificates free of charge for ordinary shares which it will hold in the name of each holder at its own office during the designated period of deposit in the event and exchange the same again after the meeting free of charge for Unilever certificates to be issued to each holder in accordance with the conditions of adoption of these proposals.

Holders must by 10th December, 1981 surrender their certificates for £1.20 or a multiple thereof (but in the case of certificates for £1,000 or a multiple thereof the sum of £100) in return for a receipt. The certificates so surrendered must be accompanied by a form available free of charge from the office, upon production of the receipt so issued by Unilever NV to the holders will be submitted to the meeting.

The agreement for the above-mentioned meetings, the proposals and explanatory notes relating thereto are obtainable from the office of the Equidistribution Agreement, 1, Rotterdam and from the office of Unilever Bank Limited, 1, Avenue de la Paix, Paris, France, London EC3N 4DA or any of its branches.

1st December, 1981

NV Nederlandse Administratie—on Trustantoor

BY THE FINANCIAL EDITOR

Trafalgar prepares to change course

Trafalgar House has for some time made no secret of the fact that its love affair with publishing in general and newspapers in particular was souring. News has now filtered out that the group is rather closer to biting the bullet than had been thought given the way Lord Matthews, deputy chairman, has personally pinned his flag to Express Newspapers.

What is clear at this stage is that Trafalgar has found the problems of Fleet Street too intractable to justify the amount of management time it has had to spend in the last four years. But it is also saying something about the philosophy of Trafalgar itself. The group's past success has been based on its ability to do the unconventional. Trollope & Colls, Cunard, The Ritz, never quite dovetailed with its property dealing roots. Every few years Trafalgar has to do something equally unconventional to keep up the momentum. After the failure to build on newspapers, Trafalgar is fast approaching the stage when another quantum leap is needed and indeed Mr Nigel Brookes, the chairman, has been hinting over the past year that he is itching for another 1½p to 9½p, yesterday, shows the stockmarket believes that Trafalgar is worth more without its publishing interests than with, and with money in its pocket from the sale of its newspaper and publishing division to boot, there is the muscle for a sizable acquisition financed by paper and cash or a combination of the two.

At the moment the demerger proposals that seem to be gaining credence beg enough questions to suggest that all this may be no more than a stratagem to get a better price out of Associated Newspapers when it tries to get agreement from them to how the middle and lower end of newspaper market should be shared. Certainly Trafalgar has now hung up for sale sign and if it can either succeed with its demerger plans and get the stockmarket to put a value on these interests, or perhaps draw out an offer elsewhere, it will be stronger bargaining position with Associated, which is now in a better shape than when the deal over the *Evening Standard* was done.

Without the property which provided Trafalgar with a fall-safe in the original deal with Beaverbrook, it is anyone's guess as to what the newspaper and the publishing side is worth. Most analysts would not quibble with trading profits this year of up to £8m, but having made more than £6m in the first half this implies a sharp second-half downturn. Moreover, with newspaper prices spiralling — the increase since sterling started to fall has added perhaps £12m to Trafalgar's costs — and advertising showing little improvement, things will get worse next year — and meanwhile, next May's Sunday launch by Associated threatens to cut the ground from under the profitable *Sunday Express*. All the same Trafalgar should be able to garner enough to cover the £15m cost of Express newspapers and the £23m it paid for Morgan Grampian if the property profit on the Standard site is also taken into account. Trafalgar is a company that likes to use other people's tax losses not its own.

Commodities Will intervention collapse

Current efforts to support prices in the cocoa and tin markets, the one so far rather unsuccessful and the other so far tumultuously successful, only serve to highlight the parlous condition in which commodity markets generally find themselves. It may be melodramatic to see low, stagnant and falling raw material prices — a trend from which not even oil is exempt — as the harbinger of a slump. But it is certainly true that the depressed state of world trade, high interest rates and continuing overproduction of many commodities have forced most raw materials to their lowest prices in real terms for a generation.

The main victims, of course, are primary producers, among whom it should be observed, are developed as well as underdeveloped nations. The

United States and the Soviet Union are the world's biggest producers of a wide range of commodities; American mining companies suffering from low base metal prices are prey to takeovers and mergers.

There is much that is just and equitable about commodity agreements. But the practice has never matched the promise. A summer and an autumn, which have seen the price of every commodity quoted in London except tin fall, have also prompted very different reactions. The heavy support given to tin, allegedly by producers led by Malaysia, first by purchasing forward contracts and in the recent days by accepting spot metal, is but the most aggressive manifestation of producer action. The cocoa producers — rather than introduce export quotas or attempt to curtail overproduction — are seeking more funds for their buffer stock.

But in both cases the producers are effectively shifting the battleground from the negotiating table to the marketplace, the negotiations were intended to tame. This can only make them more instead of less vulnerable to market movements. It is estimated, for example, that the International Cocoa Organization needs \$400m to buy enough cocoa, a sum on which it may be hard to pay the interest.

The tin producers, moreover, are playing a much more dangerous game. Nobody has ever gone against the market so expensively and escaped unscathed. True, they can control production better than the coffee producers whose Pan Cafe organisation collapsed ignominiously last year. Rising tin prices also mean rising tin revenues from the Malaysian mines to the government with which to finance market intervention. Nevertheless, establishing a large holding of spot tin is perilous, especially when the United States General Services Administration is committed to running down its stockpile. Sooner or later someone will have the wit and courage to go against the buying and so prick the bubble. If tin should plummet the £2,000 a tonne some think possible, the tragedy may engulf many other markets and primary producers.

British Telecom Problems with Buzby bonds

British Telecom still appears to be faced with a considerable struggle if it is to get its "Buzby bonds" to fly. Despite its efforts, together with those of its banking advisers S. G. Warburg and strong support from the Department of Industry, the plan for the bonds has yet to satisfy the Treasury.

It has, of course, taken a long time to get the Treasury to concede the principal of raising funds direct from the private sector (not to mention the relaxation of the external financing limit that looks to be implicit). But now that the Treasury has conceded the principal, BT may well wonder whether its apparent victory is to much avail given the conditions attached to a bond issue.

There would seem to be two main conditions. Number one is that money should not be raised in a way that would constitute unfair competition with the private sector. Number two is that the issue should be constructed to give Telecom an incentive to cut its costs to compensate for the higher cost it will have to pay for direct market borrowing relative to straight borrowing from central government.

At the moment it looks as if the Treasury sees Warburg's scheme as being too generous, allegedly offering a considerably higher return than that available on gilts if all goes well at Telecom over the long term. Whether Warburg feels it can sell something to the market on less generous terms remains to be seen. The whole idea of mixed financing in the case of United Kingdom public corporations has many messy and unsatisfactory aspects, but it would be a pity at the end of the day if Telecom is not allowed to have the courage of its convictions and at least experiment.

Co-op sets a poser for the 'big four'

One of Britain's clearing banks is about to introduce a current account offering a substantial interest rate.

The Co-operative Bank, which is a subsidiary of the Co-operative Wholesale Society, is admitting nothing in Public Law. But it is under no illusion that customers will be able to choose from early in the new year, between two kinds of current account.

They will either settle for the existing system, under which individuals maintaining their account in credit — no matter how small the credit — pay charges, or they can go for the interest-bearing account. With this they will be provided with an attractive return on the money left in their account, but will have to pay charges when using services like cheques and bankers' orders.

The move is likely to create excitement among other clearing banks. They are often criticised, particularly when interest rates are high, for charging for current account services on the one hand, yet benefiting from interest-free current account balances on the other.

No amount of careful explanation of their "free banking" concessions (transactions are "free" provided a minimum or average balance is left in the account) has served to ease the public's suspicion of this point. Their advantage when interest rates are high, from the use of interest-free current account balances has only recently been backfired with the imposition by the government of a new "windfall" profits tax. The government says that it was a one-off levy but the bankers are taking that promise with a large pinch of salt.

So the idea that the banks should pay interest on current accounts has attractions to bankers, as well as the public. It would silence one line of consumer complaint, and it would eliminate some of the froth from profits at times of high interest rates.

It would also mean that bank charges would rise, but that would not be unwelcome to the bankers. Their cost structure is such that most are vulnerable to any fall in the rates at which they can lend on their interest-free current account balances. If charges did go up to compensate for the payment of interest on such balance, it would eliminate some of the froth, as well as the peaks, in profits.

Barclays chairman, Mr Deryk Vander Weyer, recently told an international conference of bankers that some banks might choose to bear the costs of paying interest on current accounts in the interest of improving (the) balance of payments. Cyclical fall in profits when interest rates fall, and avoid damage to their public image in not appearing to make profits in hard times.

But paying interest on one thing, paying a substantial rate of interest is another. At the moment the clearing banks believe it costs them about 9-10 per cent to service current accounts — covering the cost of money handling, money transmission, counter services and so on.

By implication they could not afford to pay much more than 3 or 4 per cent on current accounts, even at present interest rates. But the indications are that the Co-op Bank may pay twice that. If the clearing banks were to pay such a rate and maintain their profits, they would have to bump up their charges substantially.

But as Mr Vander Weyer pointed out in his recent speech, the chances are that competition would prevent them from doing that.

The Co-op Bank is in a position to innovate, at least similar to those of the big four — Barclays, National Westminster, Midland and Lloyd — only because, by one of those happy accidents of fortune, its cost structure is completely different.

The Co-op Bank has never had the strong bank branch network which has in the past, been the backbone of the big four, and now — because of rising costs — has become their bane.

But it has almost 1,000 so-called "Handybanks", at which banking business can be transacted in Co-op Stores, and a further 3,500-odd cheque cashing points in similar locations.

It also has a highly automated, highly centralised customer service operation at Skelmersdale, through which all individual banking transactions are routed.

The net result is that it is in a position to offer its services at low cost — a cost almost certainly lower than the other banks can hope to achieve for all their expenditure on automatic teller machines and other electronic wonders.

So will they try to compete at all? They must. With more than two million account holders the Co-op Bank is not a competitor to be dismissed and this service is likely to



The Co-op's lack of branches is proving a bonus.

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Reagan on collision course with the Fed

Washington

From the start President Reagan's budget policy has been in danger of colliding with the Federal Reserve Board's commitment to tight money.

With budget director Mr David Stockman's influence on overall economic policy likely to be reduced, such collision has become a virtual certainty.

Mr Reagan promised to cut government borrowing, but tax and spending measures which he has proposed imply, on the contrary, a big increase in the federal budget deficit up until 1984.

The President has already been forced to retreat from his promise to balance the budget in 1984.

Outside forecasts show the deficit soaring to between \$80,000m and \$100,000m in 1984, and rising still in 1985 and 1986.

Mr Reagan's dramatic gesture of closing down the government for one day last week was aimed at winning extra spending cuts of a mere \$2,000m.

Even if he wins this battle, his economic programme will swing towards expansion in the middle of next year, when the next round of big income tax cuts comes into effect. Meanwhile money policy is set to tighten. The likely result of such conflicting policies is a renewed sharp rise in interest rates next year when America begins to pull out of economic recession.

Mr Stockman has seen a clash coming for months. Within the Administration, the Federal Reserve's bond increase in defence spending and more recently for some reversal of Mr Reagan's tax cuts, in order to cut the prospective budget deficits and bring budget policy more in line with the target of slowing money growth.

Federal Reserve officials hoped that the public revelation of Mr Stockman's

worries would open the fiscal policy debate, encourage the Administration to retreat from its earlier over-optimistic projections for government borrowings, and push it towards new deficit-reducing measures. This in turn would relieve them of pressure to loosen monetary policy.

They fear that the opposite has become more likely. Mr Stockman was accused of disloyalty and bad judgment in making his doubts about the President's programme public. As a result other Administration officials are uneasy about expressing similar doubts even in private internal discussions.

Caroline Atkinson

to narrow the underlying budget deficit projected to widen in 1983 and 1984, although holding a rate of government borrowing in the coming months is of little importance.

But whereas his message used to be directed at Congress, Mr Volcker is thought to be more concerned about convincing the Administration, and in particular the President, of the importance of reducing government borrowing.

He and other economists agree that without new budget measures, which would almost certainly have to include tax increases, the underlying deficit will rise next fiscal year and in 1984.

However, the President apparently still hopes his income tax cuts, the first phase of which became effective in October, will so stimulate the economy as to almost pay for themselves.

Furthermore, Mr Reagan argues, next year he will propose further domestic spending cuts of such magnitude that if Congress will only enact them, financial markets will at last be convinced that the budget is on the way to balance. This conviction will keep interest rates falling even as the economy picks up.

There are two major flaws in Mr Reagan's argument. First, he suggests that while tax cuts can stimulate the economy, spending cuts do not affect it. Reducing government spending will cut the budget deficit but it will not, according to the President, slow down the economy.

This is wrong. To the extent that Mr Reagan succeeds in holding down government spending and enforcing a more restrictive budget, he will be inhibiting the economic recovery.

The second flaw is that Mr Reagan supposes that with

supply side magic his tax cuts can stimulate the economy at the same time as the Federal Reserve's tight money policy is bringing down inflation.

However, the Federal Reserve's credit squeeze is aimed at fighting inflation by limiting economic growth. It restricts the growth in total nominal gross national product, hoping this will result in reduced inflation. An attempt to pump up demand by tax cuts runs counter to this anti-inflation policy, rather than complementing it as the President claims.

Mr Stockman still shares the President's view that fighting inflation is compatible with strong economic growth. But in his version the trick is accomplished by holding to a more deflationary budget policy, which allows lower interest rates for the same amount of money growth.

In either case, whether through supply side tax cuts or apparently more traditional balancing, there is assumed to be a painless road to non-inflationary growth, which eschews incomes' policy or any other direct government involvement in wage and price setting.

Mr Volcker probably knows better. Federal Reserve economic forecasts for next year are considerably more pessimistic than those so far published by the Administration, although the President's chief economic adviser, Mr Murray Weidenbaum, has given a gloomier revised forecast.

This still assumes a strong pick-up in the economy in the second half of next year, with real growth then running at an annual rate of 5 per cent or more.

If the President finds this pre-election boom is in danger of being stalled by the monetary brakes applied by the Fed, he may well decide he would rather sacrifice

tight money than growth. But he cannot control the Federal Reserve. Some people believe that the more he tries to lean on Mr Volcker, the more determined the Fed chairman will be.

Mr Reagan will undoubtedly be widely criticised here if and when he starts to push for easier money. This would be seen as a return to the bad old days. But there is a strong case for arguing that Fed policy is already too tight, and that further progress in slowing money growth would be a bad thing.

Although there is confusion in America as to Britain about which measure of money is the most useful, and whether indeed any can be relied on, there is little doubt that the Federal Reserve has succeeded in holding money and credit very tight this year.

A senior Federal Reserve official commented a few days ago that the economy shows clear signs of being "starved of cash".

This shortage has brought on a recession which threatens to send unemployment back to its postwar peak of 9 per cent of the work force. It has already held the jobless rate at historically high levels for much more than a year. Real interest rates are still extraordinarily high despite rising unemployment.

Meanwhile the underlying rate of inflation — which has been close to 10 per cent — has slipped slightly to 8 or 9 per cent. Money growth on the narrowest measure is targeted to grow by only between 2½ and 5½ per cent next year.

The squeeze is tight. Mr Volcker can probably keep it that way next year, but in 1983 Mr Reagan will have an opportunity to affect money policy which not every President can rely on. Mr Volcker's term as chairman of the Federal Reserve Board expires in January of that year, and the President nominates his successor.

Business Diary: If it's Monday, it must be London

Twice John V Lindsay paused yesterday from describing the charms of New York for the British investor to ask an aside what day it was.

Lindsay (the "V" stands for Vliet, his mother's maiden name), first hesitated to ask Carlos Basualda. "What day is it today?" Minutes later he again asked Basualda, the London representative of the New York Chamber of Commerce: "Is today Monday?"

Sounding like an American package tourist doing "Very" in two weeks is not quite the style one somehow expects from the urbane ex-mayor of New York, but then he had done the world in four weeks.

Today (Tuesday, if you're reading this, Mr Mayor) Lindsay returns home after visiting Japan, Hongkong, Singapore, Saudi Arabia, Israel, Egypt, France — and London.

He's campaigning not for himself but for his city, as the holder of a new honorary post, conferred on him by Mayor Koch, that of international trade commissioner — as well as doing some business for his law firm.

Lindsay told me: "I'm not running for anything. I don't wish to run for anything and will not run for anything."

London, he went on, should not be afraid of New York banking's going offshore this week. The Euro-dollar market was growing so fast that NY's gain would not be London's loss.

Speaking of New York's "image problems", he said one NY less had turned out to be a NY gain.

"When Johnny Carson was living in New York and operating out of New York", said Lindsay, himself a television star now, "I was a mayor and I used to get very, very irritated at Johnny because all his programmes were always teasing New York City and knocking it about and I was really oversteering the case. Now he's in California, he's doing the same thing to Los Angeles."

Carriage trade

Less than a month from today kids everywhere will be unwrapping new toy train sets, given by doting dads ready to relive their own childhood. For upwards of £600, father can buy the real thing.

A small, but increasing, number of individuals is apparently buying second hand British Rail coaches, doing them up as a hobby and then leasing them to private railways. It seems rather like playing trains on a grown-up scale.

For example, at Peak Rail, a private railway reviving the former British Rail line from Burton to Matlock in Derbyshire, two groups of individuals have each bought an old coach which they are restoring and the railway will run them once it starts operating in a couple of years.

Restoring coaches is "quite a hobby" among preservationists, according to Steve Broadbent, a Peak Rail director, in the same way that "some people will do up an old MG car for fun and then run it about on the roads".

British Rail says it gets about a letter a week from individuals wanting to buy its redundant rolling stock. It sells off between 2,000 and 3,000 coaches a year which it does not want, and as many as 100 of them find their way to preservationists, estimates John Fox of British Rail's Derby office.

Second hand rolling stock brings in about £25m a year to British Rail, most of it from scrap merchants. Unwanted coaches, locos and wagons are sold off by tender, but Fox says British Rail treats preservationists as kindly as it can, although it has abandoned its formal system of giving them first pick after the National Railway Museum in York.

Fox also says he prefers dealing with officials from preservation societies, rather than individuals, but those with an itch to play grown up trains will find coaches costing between £600 and £1500.

There is life after British Rail: locomotive No 73027 (4-6-0) of the Bluebell Railway in Sussex

However, it is the engines that are the expensive bit. There is a lot of scrap in a loco, and if it is from a class that is still running, it will have a spare value as well. You could not buy much more than a middle-sized engine for £35,000 and even a little shunter costs upwards of £14,000.

But at least they will be "in working order." Old coaches are sold off in "a state you would not want to ride in," says Fox.

Sir Terence is back

Almost three months to the day, Sir Terence Beckett, director-general of the Confederation of British Industry, was back in Scotland at the end of August and subsequently doctors diagnosed that he had become a victim of a subarachnoid haemorrhage — to you and me a leakage of blood from one of the nervous system blood vessels.

Sir Terence said when *Business Diary* called to wish him well, "I am delighted to be back. I have had all sorts of good wishes from members and staff."

He continued: "We have a great deal to do." Uppermost in his mind no doubt is tomorrow's expected mini Budget statement from the Chancellor of the Exchequer, which the CBI is likely to find wanting.

When it picked that daft slogan "the listening bank" the *Midland* brought down upon itself a torrent of "oh yes?" jibes each time the bank leaned upon a customer. The latest I have come across is in the letters page of the *Caernarvon & Denbigh Herald*, which describes *Midland* as "the classic tyrants of Threadneedle Towers."

Ross Davies

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Frank Johnson in the Commons
Statesmanlike, dignified
constructive Mr Faulds

...the *Shakespeare* and *For* ...

Mr. Channon announced that an important Rubens was to be bought for the Courtauld Institute. Mr. Faulds offered "my heartiest congratulations." Mr. Channon thanked Mr. Faulds for the part Mr. Faulds had played in bringing about the happy outcome. Over in the more cultured section of the House, the Labour aesthetes grunted approval, perhaps assuming the picture to be the work of the former chairman of the Coal Board, A.H. Rubens.

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